

Europe's third era

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With a Foreword by Sirpa Pietikäinen

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Foreword by Sirpa Pietikäinen, MEP

The European Union is a unique formation. It has gone through several stages of transformation, and on the way, developed from a mere Coal and Steel Community to a complex political actor - a true union of states.

The years following the devastating World War II witnessed an unprecedented European peace project: the former belligerents were bound together by the establishment of European Coal and Steel Community. Indeed, though considered by many a worn-out argument, it cannot be repeated too often that the European Union is history's most successful peace project.

There are many steps leading from those first years to where we are today. However, two greater eras can be identified from the lifeline of today's EU.

*The period of search for peace and stability make up the **first era** of the European Union. As peace was a marker for the first era, so are enlargement, consolidation, and economic prosperity key concepts of the Union's **second era** of existence: as stability was reinforced after the end of the Cold War, the integration grew deeper and wider. One of the main achievements of this second era was the creation of the European single market.*

The work to reach the goals of both of these eras is still on-going. However, there are a number of entirely new challenges that all point to the urgent need for the Union to take a bold step into a new era. These challenges include such crucial questions as climate change, unstable financial situation, and the perceived democratic deficit of the Union.

*It is clear that, in order to maintain its legitimacy as a project, the EU has to reinvent itself. The EU of the **third era** should emerge as a fair and vocal global player, speaking with common voice in international arenas for a reformed UN, for tough climate and environmental standards, and for global social equity. Internally, the legitimacy in the eyes of its citizens is derived from a strong social dimension, and a more transparent union, which has procedures in place to secure the fullest possible participation of the citizens.*

This pamphlet seeks to study some of the questions posed by the pressing need for the Union to move on to this new era. Each writer of this pamphlet is a renowned politician with a track-record of working with the wide variety of issues linked to the challenges that the EU faces today, be they about the climate, environment, democracy or other.

I would like to extend my warmest compliments to all of the MEPs who contributed to this pamphlet.

A handwritten signature in black ink, appearing to read 'Sirpa Pietikäinen', written in a cursive style.

Sirpa Pietikäinen

Richard Corbett, MEP

The Party of European Socialists

**New model EU - fairness in our social
market and transparent institutions**



Richard Corbett has been an MEP since 1996. He is Deputy Leader of the Labour MEPs, and the spokesperson both for the Labour Party and the whole Socialist Group on the Constitutional Affairs Committee of the European Parliament.

Since 2004 Richard has occupied a number of positions in the Parliament, including being Parliament's Rapporteur on the Constitutional Treaty, on reform of the Parliament's procedures, and on comitology. After the EU Constitution was abandoned Richard was selected to be the Rapporteur on the Lisbon Treaty, which was adopted by the European Parliament in February 2008.

Richard has written widely on European affairs, including co-writing the standard textbook on the European Parliament, now in its seventh edition.

New model EU - fairness in our social market and transparent institutions

The EU of 2009 is unrecognisable from its Treaty of Rome incarnation in the 1950s, and radically different, in terms of the democratic accountability of its institutions, from how it looked 25 years ago. What should it look like in 25 or 50 years time? What should be the priorities of the Union in the 21st century? For me, there are three vital interconnected strands which should form the basis of EU action in its next new era - democracy, environmental union and constructing a social market characterised by fairness.

Back in the 1940s and 50s when the likes of Schuman, Monnet, Spaak and Spinelli began the process of defining and creating the European project, the concept of a European Union was an end in itself. Fifty years after the Treaty of Rome, the EU is, to most people, no longer an 'end' - it is a 'means'. This distinction between 'means' and 'ends' needs to be recognised. Like any other political institution, the EU cannot live off only its past glories.

There is also a need to re-frame the terms of debate on EU policies. For too long, debate has been polarised along pro v anti-EU lines, while pro-Europeans have sometimes fallen into the trap of defending EU action for the sake of it. This approach is self-defeating. Rather, the debate should be about what sort of EU we want and how do we get there.

Democratic and transparent institutions

Whatever the EU does in terms of policy or legislation, it is vital that its actions are seen as legitimate, democratic and subject to proper accountability.

Because of the distance between citizens and the institutions at EU level, the notion of 'remoteness' and distance is understandable. It is logical that the EU would be less accessible to people than town-hall or national politics. That is a reason not to act at European level if national or local action is enough. But when EU level action is necessary it is vital that the

EU functions in as democratic and transparent a manner as institutions at national or local level.

The Lisbon Treaty, if successfully ratified, will spell the end of a traumatic period for the EU. It will finally fix the machinery and make the EU institutions more democratically accountable and transparent, most notably with the EU's two legislative bodies - the Parliament and Council - providing a double quality control on all EU legislation. But has the process from Laeken to Lisbon made people more informed or more amenable to the EU? The answer is usually "no". In many respects, this is unsurprising. Other than academics and enthusiasts, few are going to be enthralled by co-decision, voting weights in the Council of Ministers or a new comitology procedure.

The old adage that there are two things that nobody wants to know how they are made - laws and sausages - can certainly be applied to European treaties. But the reality is that Lisbon provides many tools to reduce the democratic deficit, will make the EU institutions far more accountable and transparent and clarify the policy areas where the EU can and cannot act. Once the machinery has been fixed, we need to step back and allow the motor to run. For all the papers and discussions by thinktanks and the Commission asking how to change the perception of a 'democratic deficit', the bottom line is that the perception will change as the reality changes.

For my part, I would like to see national parliaments as well taking a much closer involvement in the formulation of EU legislation. The Lisbon Treaty, again, provides useful tools to enable this - giving national parliaments a direct say in the formulation of legislation.

Indeed, one of the key requirements of the treaty provides that all EU legislative proposals must first be sent to national parliaments and that the Council of Ministers and the European Parliament will not take a position before MPs have had at least 8 weeks for prior scrutiny. This should enhance the ability of national parliaments to shape the position taken by their own government representatives and to scrutinise their actions in Brussels. As an extra safeguard, national parliaments will also have the power to send proposals back to the Commission, if a minority (one third) believe that the proposal breaches the principle of subsidiarity and that the issue should be for national – not European – law. If a majority

oppose a proposal, this will trigger a special vote in the Council that will kill off the proposal in all but the most unusual of circumstances. The treaty will also provide for the Council of Ministers to meet in public when discussing legislation - a long overdue reform that was driven by the 2005 UK Presidency.

The political balance of the institutions will continue to shift. The Lisbon Treaty provides that the European Parliament will elect the President of the Commission on a recommendation from the Council of Ministers. The next step, on which opinion has already been canvassed, is whether the Commission President or, indeed, the entire Commission should be determined by a majority from the European Parliament. Both these steps are too much of a leap for the majority of member states at present, but the fact that they have already been the subject of debate means that we can expect them to run and run, and the link between the choice of President and the outcome of the elections could well be established in the 2014 European elections.

Technology is one way to bring Europe closer to citizens. It is now possible to watch the EuroParl TV channel and committee meetings live on your computer, but the reality is that these will only be watched by a small number of political enthusiasts. Yet, technology can still be part of a communication revolution. Too often politicians see technology, particularly new media, as a means to transmit information to the voters. This is, of course, important, but only up to a point. The real value of new media is in its ability to make politics interactive; to get people involved and to feel as though their views matter.

As far as the future development of the treaties is concerned, provided the Lisbon Treaty is ratified, the chapter of regular IGCs and treaty change should be brought to a long halt. Within the last twenty years there have been a total of five (including the now abandoned Constitution) treaties. Saturation point has certainly been reached.

What will change the public perception of the EU is not further institutional change, but focusing on the things that matter to people - policy choices that have a tangible effect on their lives. One of the hallmarks of the UK Presidency in 2005 was the Hampton Court agenda, focusing on the need for a "Europe of results" rather than institutional tinkering. There is a general understanding that, while the EU has little to say about

matters such as education and health provision that remain the preserve of national governments, it does have to play a leading role on issues that do not respect national frontiers - environmental standards, climate change, cross border crime, as well as regulating our common market to make it fair and efficient. Making European elections more about the genuine choice between different policies in these fields is the best way to increase participation in politics at EU level and increase voter turnout.

Taking leadership on climate change - building environmental union

Many consider the fight against man-made climate change to be the single issue that will define the next 50 years of the EU. It is certainly one that has, rightly, jumped up the political priorities both at national and EU level. Indeed, as Britain's Foreign Secretary David Miliband said during his time as Environment Secretary, 'you cannot be an environmentalist without being an internationalist'. He also added that the letters EU should stand for 'Environmental Union'. Moreover, by taking the lead in the creation of the (albeit insufficient) Kyoto protocol, its pioneering Emissions Trading Scheme and, last December, the climate change package, the EU has taken ownership of the issue.

While the climate change package has attracted some criticism from both 'green' and 'industry' critics, it is a compromise deal that will protect jobs in European manufacturing while also providing a solid basis for cutting carbon emissions. Above all, the EU is now the only group of countries in the world to have signed up to binding reductions in carbon emissions. With the incoming Obama administration having indicated that it will support emissions trading and the Labour government of Kevin Rudd in Australia far more amenable than his conservative predecessor John Howard, there must be every chance that the Copenhagen climate talks will deliver a worthy successor to the Kyoto protocol.

The onus is on the EU to take the lead in going further on climate change. First, we are the world's biggest single market and have a budget - of more than €120 billion per year - which gives us the ability to drive key areas, such as research and development, advanced technologies, renewable energy and energy efficiency, that will define the global response to climate change.

Although the initial costs of tackling climate change will be onerous, it will avoid even bigger costs in the future. It will also create significant business opportunities in terms of new markets for low carbon goods and services. There are no obvious barriers to prevent such markets from becoming significant economic sectors and employment providers.

In Germany, for example, the renewable energy sector has already generated an estimated 170,000 jobs and €16 billion in turnover. In the UK, oil giant BP recently published a study illustrating that responding to climate change offers a £30 billion business opportunity to British companies over the next decade.

By taking a pro-active stance on an issue of such vital global importance, and by delivering the jobs and growth which are at the heart of the European agenda, the EU can demonstrate its added value to citizens.

Secondly, on a pragmatic level, action on climate change will protect our energy security, reducing our reliance on imported hydrocarbons and addressing fuel poverty. It also offers the opportunity to forge more constructive alliances with other major economies such as encouraging China to take a deeper interest in cutting its emissions.

Completing the common market - what sort of market do we want?

The other key question, which is as much about the philosophical underpinning of a modern EU as it is about practicalities, to my mind concerns the nature of our common market.

Our European single market is still very young. It is just over twenty years since the Single European Act which provided for its completion. But, the EU has always been and must always be more than just a market. As Jacques Delors said at his famous speech to the British Trade Union Congress in 1988, which helped to convince the British left of the need to engage with Europe, “no one falls in love with a market”.

A market that is a simple unregulated free-for-all is neither fair nor efficient. A market needs rules to make it work effectively and to ensure good social standards, consumer rights, environmental protection, and

fair competition. Without such rules, the weak and vulnerable, in particular, will suffer.

Our European social model proves that it is possible to maintain economic growth alongside high levels of employment with social security and quality public services available to all.

The EU has, largely speaking, been a positive force for workers, enshrining in its work the trade union values of social inclusion and solidarity, welfare states and public services, and worker participation and collective bargaining. Through various decisions, in particular those applying the Social Chapter introduced as part of the Maastricht Treaty, the EU has provided and safeguarded important rights, including maternity pay and parental leave, paid holiday as well as a raft of health & safety legislation.

However, in recent years, social Europe has stagnated. Its previous achievements remain on the statute book, but new ones are few and far between. The Barroso Commission has had a somewhat one-sided focus on market liberalisation, tending to see social Europe more as a cost than a contribution to economic growth. This, combined with the lack of progress on the review of the decade-old directive on Working Time and the six year delay in adopting a directive on Temporary Agency workers, is leading to rising dissatisfaction amongst trades unions and, more broadly, the left. Unless the concept of social Europe is reinvigorated and actually put into practice, millions of Europeans, as well as the labour movement, could turn their back on the EU.

The “No” votes in France and the Netherlands on the Constitutional Treaty and in Ireland on the Lisbon Treaty were, in part, votes in protest at the direction of travel of the EU. In particular, a large section of the French “No” campaign argued that the EU was losing its social dimension.

Above all, markets are social constructs. They are not abstract concepts but are composed of people who make rational and, sometimes, irrational decisions. Recognising this fundamental principle must lie at the very heart of the politics of the EU for the next generation: markets need rules in order to function fairly and efficiently. The same is true of the EU - which is not an abstraction, nor about unrestricted market forces, but a political and social project.

The Lisbon Treaty provides the institutional building blocks to create just such a market. It explicitly states that the EU will be committed to “a social market economy, aiming at full employment and social progress”. Similarly, it is committed to “the promotion of a high level of employment, the guarantee of adequate social protection and a high level of education, training and protection of human health”.

The Treaty also enshrines the Charter of Fundamental Rights that will be binding on the EU institutions and apply to the full body of EU law. The Charter includes a number of social and work-place rights, including the right to negotiate collective agreements, take collective action and to fair workplace conditions.

Right-wing critics trot out their usual accusations that high wage levels and social welfare benefits prevent job creation and a dynamic labour market. Yet, if this were true, how was it that Europe enjoyed higher economic growth than the US for the bulk of the post-1945 era? How is it that the Nordic countries of Denmark, Sweden and Finland, with their 50% tax burdens, are among the top half dozen of the world’s most competitive economies according to the World Economic Forum?

However, economic reform and modernisation remains vital. European countries recognised this in agreeing the ‘Lisbon agenda’ to make the EU a more competitive, knowledge based economy. Reform and adaptation to new realities is at the heart of progress. As Anthony Giddens has put it, “Nordic social democracy remains robust, not because it has resisted reform, but because it embraced it.”

All EU countries are feeling the pain of the economic downturn. The collapse of the banking sector and the resulting recession has been sudden and brutal. But there is a choice on the kind of market we want. We can leave everything to the invisible hand of market forces, and allow an unregulated free-for-all. Or we can make it work fairly and efficiently by, where necessary, correcting and regulating it. The idea of ‘government where necessary, markets where possible’ should form the cornerstone.

For too long, mainstream politicians have been prepared to make a Faustian pact with high finance and big business - prepared to take the taxes from the money they generated to pay for improved public services, but unwilling to ask questions about the way in which it was acquired. While

some are bitter about the damage caused by the greed of a select few and the inactivity of many politicians, there is a popular demand for a new order based on fairness rather than retribution.

This is a battle that the EU, and not just individual Member States, will have to face up to. It may be that the regulations at EU level have been too laissez faire. On a philosophical level, the recession gives policy makers and citizens the chance to take stock and identify the sort of society we want and how to achieve it.

In our modern, globalised world, technological advancement, free movement of goods, capital and labour has made the world smaller. At the same time, the rapid change brought about through this 'liquid modernity', as sociologist Zygmunt Bauman has described it, can lead to fear and insecurity. We should ensure that our single European market is not a free-for-all for multi-national companies but is a rules-based, socially just economic system that protects the weak and vulnerable from the full harshness of unrestrained market forces.

Conclusions

In the space of just over 50 years the EU has been an astonishing force for good. As John Hume said in his Nobel Peace Prize acceptance speech, "the European Union is the best example in the history of the world of conflict resolution".

But poignant as that statement is, the Europe of post-war reconciliation, and then of post-Cold War reconstruction and enlargement, is increasingly taken for granted by peoples of Europe who are now facing new realities. A genuinely 'social Europe' whose institutions are marked by the highest level of transparency and democratic accountability and focuses on policy delivery for its citizens, can be the model that wins the hearts and minds of ideological purists and pragmatists alike.

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EU's Third Era



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Ms. Pietikäinen has a long track-record in the field of promoting sustainable development. She has also actively worked with a number of NGOs promoting environmental issues, democracy, and human rights. UN has been one of the focal points of her work, and she has, inter alia, served as Chairman of the United Nations Association of Finland, as well as a Member of the Board of the World Federation of United Nations Associations (WFUNA). She is a current member of the Board of IDEA International.

Ms. Pietikäinen has MSc (Business), and teaches university courses on negotiations theory and practices.

EU's Third Era

The idea of a union of European states started to emerge during the years immediately following the Second World War. Europeans were exhausted after decades of devastating events Europe had gone through; building lasting peace was the defining motive behind the long series of events ultimately leading to the establishment of European Coal and Steel Community, and much later, the EU.

The period of quest for peace and stability constitute the first era of the European Union. Today, just a little over 50 years after the creation of the European Coal and Steel Community, a war between two EU-states is unthinkable.

After the end of the Cold War, stability was reinforced through the enlargement of the core European Union to Central Europe. One of the main achievements of this second era of extended cooperation between states and enlargement was the creation of the European single market. As peace was a marker for the first era, so are enlargement, consolidation, and economic prosperity the key concepts of the Union's second era of existence.

The work to reach the goals of both of these eras is still on-going, as the Union is faced with challenges both old and new. However, there are a number of completely new challenges that all point to the urgent need for the Union to take a step, if not a leap, into a new era. These challenges include such vast questions as climate change, unstable financial situation, and the perceived, ever-growing democratic deficit of the Union.

It is clear that, in order to maintain it's legitimacy as a project, the EU has to reinvent itself. The EU of the third era should emerge as a fair and vocal global player, speaking with common voice in international arenas for a reformed UN, for tough climate and environmental standards, and for global social equity. Internally, the legitimacy in the eyes of its citizens is derived from a strong social dimension, and a more transparent union, which has procedures in place to secure the fullest possible participation of the civil society as well as the citizens.

First Era: the utopia of peace

Though considered by many a worn-out argument, it cannot be too often repeated that the European Union is history's most successful peace project. The bit over 50 years that have testified the peaceful co-existence of European states is - viewed over a long period - an exception to an almost unending continuum of wars. Peace between the main belligerents, France and Germany, let alone close economic and political interdependence appeared in the decades of European wars a distant utopia. Europe is enjoying one of the longest periods of peace in the continent's history, without an end in sight. This is one of the most dramatic successes of the European integration.

Federalism and functionalism were the leading ideologies of what were seen an answer to the malaises of war tormenting Europe for so long. Both of the ways of thinking were born already during the interwar period, but gained momentum only after the Second World War.

Functionalism, simply put, contained the idea of building cooperation among states around the integration of important economic functions shared by all of them. Neofunctionalism introduces to this basic story line a notion of spill-over effect: the process where the initial limited and sectoral integration slowly spills over to new, related areas. Spill-over can be both functional - where cooperation spreads to new economic sectors - or political, where cooperation leads to the establishment of supranational institutions.¹

Functionalism did not exclude federalism, quite the contrary the two were often seen as complementing each other. Federalism sees an establishment of a European political federation. As a model served the natural example of the United States.

Peace beyond absence of war

Though absence of war on the continent is apparent, the work is still continuing. In the tradition of Johan Galtung's "positive peace" -thinking, a wide definition of peace includes aspects beyond the mere absence of armed conflict. These include social justice through equal opportunity, a

¹ For more information on functionalism see e.g. David Mitrany's work

fair distribution of power and resources, as well as equal protection and impartial enforcement of law.

On many of these accounts the EU has brought forth a number of improvements. The Union legislates, for example, on equal treatment in the work place of men and women; people with disabilities, different religious beliefs, sexual orientation and age. Significant progress was made in ensuring equal treatment of all of these groups outside the workplace when the Commission in year 2008 proposed enlarging the principle of non-discrimination to include access to services and goods.

These steps are notable, but far from sufficient. Moving towards a more social and equal Europe for all is utmost important in raising the legitimisation of the Union in the eyes of its citizens. Creating a true social dimension covering the whole Europe is one of the main challenges of the EU's third era.

In the field of peace another major challenge is the Union's role as an international player contributing to advancement of peace, peace maintenance and peace keeping. When tough situations requiring quick and concentrated action arise, the EU has had an unfortunate habit to resort to national responses instead of embarking on concerted common action. International responses to humanitarian crisis, as well as the fundamental questions of peace and war can effectively and legitimately only be answered through one international channel - that of the United Nations. Enforcing the role of the UN, and redefining EU's role as an active player in the organisation are vital questions of the international aspect of the EU's third era.

Second era: from stability to realisation of an economic success story

The seeds of the European economic success story were sown with the 1951 establishment of the European Coal and Steel Community (ESCS) - the "grand father" of today's EU. Enshrined in the Schuman plan, the new organisation saw six European countries - France, West Germany, Italy, Luxembourg, Belgium, and the Netherlands - join together to establish a common market for steel and coal. Next major steps included the creation

of the European Economic Community (1957), which with the Maastricht Treaty of 1992 was turned into European Union.

After the end of the Cold War, stability was reinforced through the enlargement of the core Union to Central Europe. One of the main achievements of this second era was the creation of the European single market, which not only contributed to the economic welfare of the EU, but also successfully led to further political integration.

In particular, European funds have allowed the least wealthy regions to further develop their public infrastructures to ensure economic growth, catching up and sometimes even going beyond the most optimistic expectations. In this case, one of the most telling examples is Ireland. Indeed, when it comes to European development funds, Ireland has been one of the most privileged member states, benefiting from over € 21 billion since its accession to the Union in 1973, turning the small island into a "Celtic tiger". Until 1999, the Irish GDP was inferior to 75% of the EU-average.

The benefits of the economy of scale were understood early on, and the fundamental freedoms of goods, services and people still constitute the foundation of the whole Union. The economic integration thus far culminated in the introduction of the single currency, the euro. Despite some scepticism during the first years of the common currency, euro has well established its place among major currencies of the world. Nowadays well-established, the currency and membership in the euro-club is hailed as one of the major stabilising factors in the on-going financial and economic crisis.

Stronger EU emerging from the crisis?

The current deep crisis has hit hard the whole Union, including its long celebrated success, the Celtic tiger of Ireland. However, it is widely agreed that EU-membership in general and, as mentioned above, belonging to the euro-area in particular have significantly softened the blow. Though the crisis has given rise to protectionist measures within the EU - despite the explicit statements of the heads of states - the crisis is more likely to make the EU stronger rather than weaker.

Unanimity exists on the fact that regulating and supervising the financial actors in a globalised world cannot be done alone. The De Larosière -re-

port presented to the Commission end of February 2009 calls for a fundamentally renewed European regulatory structure. As the shortcomings of the pre-crisis regulation and supervision are clearly apparent, the urgent need for a new and better regulation is felt and understood by everyone. Thus, the Commission in its subsequent recommendations to the Council - which were later embraced by the Council - calls for the establishment of a pan-European financial actor, the European Systemic Risk Council, to monitor macro financial risks by gathering and analysing information on threats to the EU's financial sector stability.

In line with the Larosière-report the commission also called for the committees currently overseeing national banking, insurance and securities supervisors to be granted enhanced powers to ensure better co-ordination between the national supervisors. These new powers also include the ability to set binding supervisory standards for national regulators and require credit rating agencies operating within the Union to be licensed.

Though establishing a pan-European actor to oversee and decide over micro financial actions within the EU would have been a more effective path to proceed on, it is significant that binding rules governing all EU states alike are established. Cross-boarder actions require cross-boarder regulation and oversight.

New challenges of the second era

However, financial activities are not only contained within the EU, but are for the most part truly global. At the latest, the crisis has made it clear to everyone that our economies worldwide are highly interdependent. Global financial regulation including macro as well as micro-level oversight and minimum regulation is the goal. This fact is acknowledged by the recent G20-meeting, which agreed on various issues of global oversight and rules. These included e.g. promises to boost the International Monetary Fund's (IMF) reserves by about \$1 trillion, and strong positioning against trade protectionism and promises of more global regulation and oversight of financial actors. Next steps shall include more determined action to close down tax havens, and a concentrated effort to shut the various loopholes of the financial systems, and writing the new rules into a global convention.

The vision of the European competitiveness was written into the Lisbon strategy set out in 2000. The goal of the strategy was to make the EU the most competitive economy of the world by 2010. Falling short on the target does not mean the whole plan was useless, it suggests the means have to be renewed. More focused and bolder actions to promote totally new types of innovation, research and development, while not forgetting the importance of the basics, are keys to success. Sustainability, green innovations, renewable energies, biotechnologies and IT are key sectors.

The gravest challenge facing the EU and the world alike is, however, not posed by the economic crisis, but the other major on-going crisis: that of climate change. The huge challenge is to shift the current patterns of consumption and production to a totally new path, a low-carbon, and sustainable one. In respect to economic stimulus in the form of huge amounts of public financing, the EU-states should seriously study the ideas of the so-called green new deal. The basic idea is to reach multiple goals with one blow: investments in green technology create new jobs, new innovations, and help fight the climate change. More effort should be put into finding new, innovative tools to finance the often risky investments of unproven technologies - which in the end may or may not prove to be commercially viable, but are nonetheless of utmost importance on the road of developing new, green technologies. One of the possible ways would be to increase the usage of public-private partnerships.

A concentrated effort should also be made at the EU-level to bind the national stimulation packages - linked to the current financial and economic crisis - to serve a common goal. As currently spent, the different national plans concentrating each on different sorts of resuscitation, are in danger of contradicting one another. Instead, a multiplying effect would be reached were most of the money spent according to common guidelines. I am therefore suggesting a so-called "sustainability pact" to be modeled after the existing stability pact. This would install loosely, but legally, binding rules on what the money can be spent on. A thorough environmental impact assessment would be binding, as well as a commitment by the member states not to use the stimulus on environmentally harmful projects.

EU's Third Era: socially just, more democratic, and a fair international player

Transforming slowly from a peace project and mere economic union to a complex political actor, the EU has shown its ability to develop beyond any conventional theories. History has revealed the importance vision and sense of direction have in the Union's development. A distinct vision of the need for the EU to definitely move to a new era, and the content of that change are vital. Most of the answers are there, what has been lacking, is determined political action.

Internal dimension: A More social, open and democratic Union

The EU is often accused of being foreign and distant to its citizens. Studies showing citizens' almost total indifference to anything related to the Union are used to ground these accusations. It is true that the Union should strive for more openness and transparency: to truly listen to the fears and hopes of its citizens.

What is also true is that often the accusations are indeed self-fulfilling and unfair. It should not be forgotten that there are not so many citizens who can clearly explain how the national political systems work, or how powers are divided between the national and local authorities. Putting emphasis on the importance of procedures misses the point: it is the issues discussed and decided on that matter, and anybody - irrespective of the fact whether they can name the different functions of the European Parliament, Commission and the Council - can and should have an opinion on them. Much more than concentrating on the fact what EU-citizens know about the union per se, the EU should concentrate on listening what they think about the issues dealt in the Union, and on what they want the EU to deliver.

Ensuring the participation of the citizens and civil society in decision-making is a crucial part of building up the EU's legitimacy. The Lisbon treaty would give new tools to the citizens as well as organisations and national parliaments in this respect, but the Treaty is no magic tool alone. Change is possible through simple but fundamental changes in the way the institutions work. A provision on an obligatory consultation of the civil society can be written into the rules of procedure of all of the institutions without

any change of any of the Treaties. In practice this would mean informing the civil society whenever a legislative proposal is about to be drafted, to consult on the thoughts and concerns any of the stake holders may have. Ultimately, the opinions of the civil society should be written into the explanatory part of a proposal so as to enable the citizens to see how the voice of the civil society is taken into account in the final text.

Another important aspect of more transparent union is an enhanced access to EU-documents. The norm regarding all of the documents - legislative as well as consultative - produced by or for any of the institutions shall be disclosure. A secretive Union unwilling to transparently show to its citizens where its decisions are grounded is without a question perceived as non-legitimate. Were the people to know more widely why and how different legislation is drawn up in the first place, it would dramatically diminish the appeal of the so-called "EU-legends", and negative, untrue claims what EU-legislation is or implies.

Show Us the Soft Side

A distinct feature of the recent EU-referenda has been that especially women seem to reject the union: educated women represented a majority to say no in both the Irish as well as the Dutch referenda. The EU should take a proper look in the mirror to see whether it itself acts according to the principles it has set: to work to ensure fair and balanced gender representation.

The Union has presently a fairly manly face: the chairman of the commission is male, as well as 70 per cent of the commissioners. Most of the chairpersons of parliament's committees are male. Only 30 per cent of MEPs are female. A fundamental shift is needed; if the Union wishes to appear as equally representing all its citizens, the gender balance needs to be evened out.

The social security systems in EU countries fall within the competence of the member states and thus show substantial differences. The Union has established some common rules to coordinate access to social benefits, mainly to ensure the right to free movement of workers. The provisions include coordination of national social security schemes, but without seeking to harmonise national regulations. These provisions include for example the right to earn pension in any of the member states.

Sticking to pure economic growth is not enough, equal distribution of wealth is as important. The "eco-social market economy" -thinking has at its core the idea of markets being there to serve the people, not the other way around. Free markets ultimately serve themselves, and the on-going crisis has shown the grave limits of the laissez-faire thinking. The invisible hand does not ensure fair distribution of wealth. Social provisions shall be established to set limits to completely free markets. Many studies have shown that EU-citizens wish the Union to act more determinately for a more social Europe. Enhanced legitimacy can be gained through introducing cross boarder social provisions equally guaranteed to all EU-citizens.

In the field of social security at least two big framework directives are needed: the one stipulating the right to each and every Union citizen to basic social services, and the other safeguarding the right for everyone to adequate basic security. That would mean safeguarding for each person in the case of, e.g., ailment, unemployment, parenthood, or social exclusion, a minimum level of social support. Ensuring minimum safeguards, the directives would establish a basic level of social safety. The aim is not to create a uniform system for all of Europe, but to make sure no EU-citizen, irrespective where in Europe they live, falls outside the minimum level of social security. Member states are allowed - and encouraged - to keep up and improve their national social security schemes.

Global Dimension: No One Can Make It Alone

Global problems need global solutions. None of the nation-states, nor any regional blocks can solve problems of global scale alone. It is crucial for Europe to strengthen its own political institutions while deepening its relation and cooperation with other intergovernmental actors, most notably the United Nations. Reaction is not enough. The Union needs to create the political momentum to lead international negotiations, and be proactive in formulating global policies. This does not mean arrogant monologue, nor adopting a "we-know-the-best" -attitude. True leadership includes an ability to listen, and to create unity. The fact is that very few true changes happen if they haven't got an active proponent. When major challenges are ahead, EU shouldn't neglect this role.

A Fair and Active Global Player

United Nations is a unique arena. Often blamed to be inefficient, clumsy, and prone to get hijacked by any of the permanent members of its security council, the UN is with all its deficiencies the best we've got. Bringing together all the nations of the world, it is the only legitimate place to decide on issues affecting the whole world. When it comes to climate change, peace, and development, the UN is the place to start.

Strengthening the UN should be seen, in fact, also from a self-interest point of view: in safeguarding the values and ideas we hold important, the UN is the place to act. With the slow but steady shift of loci of power to the benefit of emerging powers and to the relative detriment of the EU's power, the Union should seriously activate its policy within and towards the UN: a strong UN repelling unilateralism and promoting cooperation and altruism is of interest to all of us. Presently, more energy is wasted into coordinating internal EU-positions than negotiating common global positions. When moving into the new era, the true recognition of the value of the UN has to be acknowledged by the EU.

Strengthening the UN's position and pushing for the UN-reform should thus be the cornerstones of the EU's Common Foreign and Security Policy (CFSP). For what kind of reform should the EU then strive for in the UN? The growth in importance of the general assembly is one of the key goals, as is ensuring adequate funding for the organisation. With the change of the US administration a momentum has arisen for reforming some central UN-organs, most important of which is the Economic and Social Council (ECOSOC). In addition, the standing and importance of the Human Rights Council shall be fortified.

An issue inseparable of EU-position in the UN is the question of EU's ability to speak with one shared voice. Some promising examples show a greater effort to this direction: the crisis in Georgia or the economic crises show that the EU is able of concerted action and voice when it so wants. Moving the common foreign and security policy more firmly and comprehensively into the community sphere is one important way of strengthening the EU's voice over national ones - as would be the Lisbon treaty with its new high posts. However, no amount of high representatives sitting on two important chairs can make much of a difference if the member states don't so wish. Important is a true realisation in each and every capital that

the time when nation-states could act alone is over, as hard as it might be to accept. A sure way to decrease one's importance in the global arena is to dig ground under common EU action - the way to have at least some say is through the EU.

With stronger UN on the one hand, and EU common foreign and security policy on the other, the question of NATO-membership becomes rather procedural. EU can and shall do its part of international peace promotion and peace keeping missions using its own tools - the ultimate mandate being provided by the UN. These tools can be built under the auspices of NATO, if EU shall find that the most useful and effective. An outspoken proponent of human rights, the EU should stand ready to defend these rights also in practice. This means active policies to promote peace through all peaceful means available - diplomatic, economic, and other. Ultimately, in extreme cases when proactive policies have failed, the EU shall be ready to intervene with military means. The UN-approved notion of responsibility to protect is the cornerstone of this thinking: the question is, first and foremost, about prevention. However, if in the end of the day a state fails its responsibility for its citizens - the responsibility to safeguard their most basic human rights - it is up to other states to fulfil this task.

Civilian crisis management is something the EU knows how to do. Making use of that knowledge and spreading it out is vital in a world still plagued by diverse conflicts. The same responsibility to act according to basic values should drive the EU to further increase and develop its abilities in this field.

The grave global financial crisis brings forth a pressing question of whether the global financial meltdown is going to aggravate the already desperate situation of the world's poorest. No sustainable answers, neither financial nor environmental, can be reached if the problem of global inequality isn't redressed. Holding on to promises made is vital, 0,7 per cent of GNP to development aid will not by itself deliver a magical solution, but no development is possible without money. Holding on to the Millennium Development Goals and providing extra financing to fight off the most serious threat to any development reached thus far - the climate change - are such issues the EU cannot forget. Not from a human point of view, nor from a pure self-interest point of view.

The great challenge of the third era: tackling climate change

Work on any other areas is highly insignificant, if the most pressing need for action is neglected: that of the need to fight climate change. The sense of urgency is there: climate change is moving faster than anyone could have predicted. The 2007 IPCC recommendations of cutting greenhouse emissions by 20-30% by 2020 and by 50-80% by 2050 are now widely considered as too optimistic, with more dramatic cuts needed in order to keep the temperature rise below the critical 2 Celsius degrees. What is more, with the phenomenon increasingly feeding itself, it might be that other attributes should be taken into account; many climate proponents see, for example, going down to a limit of greenhouse concentration in the air below 350 ppm (parts per million) as vital.

Economic costs of inaction are huge: the famous Stern report (2006) estimates that the price of continuing on the path of business-as-usual would lead to costs equivalent to losing at least 5 percent of global GDP per year. If the wider risks and further possible impacts are taken into account the damages could rise up to 20 percent of GDP or even higher. The burden on health care and the adverse effects on human health are significant. For example, according to estimates published in Science 2001 fossil fuels are sickening or killing millions in both developing and developed worlds. The unavoidable human suffering does not have a price tag - with natural disasters driving people to migrate en masse, and with intensifying competition over diminishing natural resources, most notably fresh water, leading into conflicts, there is no question about the challenge of climate crisis being the defining question of the survival of the whole human civilisation as we know it. Also the other costs of inaction are impossible to estimate: it is not easy to put a price tag on the loss of biodiversity, pollution of seas and other ecological degradation.

There are two arenas for action for the EU: the other is internal, the other international. Both are, again, closely intertwined. Internally, the Europe of the third era needs to base its strategy for both growth and, more widely, its way of living on three pillars: energy efficiency, energy conservation, and environmentally sustainable production using renewable energy sources. Externally, working towards ensuring an ambitious deal in Copenhagen 2009 which truly answers to the scale of the problem, should be the cornerstone of EU-action.

Change is urgently needed to completely restructure the ways of production and consumption. Though posing a challenge, the economic crisis is also a huge opportunity. If ever there's a time for fundamental change, it's the time of a fundamental crisis. Old ways have proven to be most harmful; it is thus time for a new deal - a fundamentally green one.

The green new deal has as its role model the new deal drawn up by Theodor Roosevelt to provide an ambitious answer to the economic crisis of the 1930s. The linkage is there: the economic crisis the world is faced is without a doubt the gravest since the 1930s. As pressing is the need for change to tackle the urgent challenge posed by climate change. The Green New Deal is one of the most compelling models to answer to the double burden imposed on societies of having to act fast to address climate change and at the same time trying to stimulate fast-shrinking economies with huge public stimulus packages, as well as creating new jobs to replace the ones falling prey to the crisis.

Investing in existing, polluting industries and patterns of production does not create basis for new growth, competitiveness nor fundamental change to low-carbon production. Supporting old structures is a self-defeating strategy: support the old technologies and factories with billions of Euros, and the money is most likely to be used for solely keeping the existing activities running. If one were to, instead, support the truck-drivers to buy new, more environmentally friendly vehicles, you create more jobs for the manufacturers of these vehicles, give the drivers a chance to save on fuel costs, and contribute to the greening of a whole sector. In the US, Barack Obama has understood this logic, and is heavily investing into sustainable and green projects - this is expected to create up to 5 million "green" jobs.

The world gathers around in Copenhagen end of 2009 to decide how the successor of the Kyoto protocol should look like. After painful negotiations the EU managed to create an EU-wide climate scheme pledging to cut its emissions by 20% by 2020, and by 30% in the case of a global deal. However watered-down the deal might have been, it provided an utmost important negotiation platform for the EU to build on in Copenhagen. The most realistic - though not necessarily the most ideal - way forward is a global deal, with global carbon market discouraging the use of highly polluting ways of producing, and enough money from the industrialised world holding the historic responsibility for the grave situation, to the developing world to adaptation and mitigation.

In its third era, the EU shall turn itself into a model for a low-carbon society - not only through measures mentioned above, but also in the way it produces the energy it uses. The shift must be dramatic: Europe is nowadays largely powered by large centralized power plants which use fossil and nuclear fuels. Around 80 per cent of the primary European energy supply comes from fossil fuels.

There are abundant sources of renewable energies in Europe, with different parts of the continent possessing different types of renewable energy sources. The greatest potentials are within the production of wind and solar energies. All in all, the potential of powering Europe exclusively from renewable energy sources is established by many prominent studies. According to a study by the German Aerospace centre (DLR), Europe has the economic potential to produce green power well over the current power demand, and also over the estimated electricity demand in the future; the total economic potential amounts to around 145 percent of the estimated future energy demand.

The obstacles of going green are not technical, they are structural and political. Of all European subsidies given to energy sectors, 90 percent go to fossil fuels or nuclear energy, and only 10 percent for the renewables. By the same token, over 50 percent of the R&D budget supports the conventional energy mix of fossil fuels and nuclear and only 8 percent is given to the R&D of different forms of renewable energies. The biggest obstacle standing on the way of a true, large scale shift into renewables, is the European grid structure. Outdated, the structure is built for large, concentrated power plants. What is more, there are currently only a few transnational grids within Europe. The currently more widely used alternating current (AC) grid is poorly suited for transferring renewable energy over long distances.

The switch from the conventional AC grid to a high voltage direct current (HVDC) grid provides the solution. HVDC is already in use in some parts of Europe. The renewable energy revolution requires these transmission lines be expanded to cover the whole of Europe and link the other side of the Mediterranean Sea to the European transmission lines. The advantages of HVDC over AC grid are notable. Most importantly the HVDC transmission lines lose only about 3 percent of the electricity transmitted over every 1.000 kilometres.

The technical solutions are there, what is needed, is strong political will to move to a totally new path. Resistance to change is a common phenomenon related to all new situations, it is not - however - any kind of a justification to postpone the desperately needed change.

To conclude

If the first era of the European Union was about peace, the second about enlargement and economic welfare, it is time for the third era to fully develop EU's political potential to be a vocal and determined leader on the international scale, and a more responsive, transparent and social institution internally.

A more democratic and legitimate Union, and a fair and active global player - the challenges facing the EU are not small. Clinging to the way things are, and refusing to change are no options either, however. The only way to move is forward.

Graham Watson, MEP

Alliance of Liberals and Democrats for Europe

**Europe's Future:
An Era of Ethics**



Graham Watson was born in March 1956 in Rothesay, Scotland, the son of a Royal Naval officer and a teacher. He was educated at the City of Bath Boys' School and at Heriot Watt University, Edinburgh, where he gained an Honours degree in Modern Languages.

From 1983 to 1987 he served as Head of the Private Office of the Rt. Hon Sir David Steel MP, the then Leader of the Liberal Party in the UK. Before entering Parliament, Graham Watson worked for the Hong Kong and Shanghai Banking.

Graham Watson was the first British Liberal Democrat to be elected to the European Parliament, From 1994 to 1999 he was a member of the Committee for Economic and Monetary Affairs and Industrial Policy and of the Budgets Committee. From July 1999 to 2002 he served as Chairman of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs.

On 15 January 2002 Graham Watson was elected Leader of European Liberal, Democratic and Reform Group in the European Parliament. After the European Elections in 2004, Graham was re-elected as President of the newly formed Alliance of Liberals and Democrats for Europe. He represents the South-West of England and Gibraltar.

Europe's Future: An Era of Ethics

When future generations look back on the economic boom and recessionary bust of the early twenty first century they will make an immediate and obvious comparison with the world economy eighty years earlier. The glittering noughties will be equated with the roaring twenties as periods of high living based on an economic bubble that was always destined to burst. The Great Depression of the 1930s and the Global Recession of today do not provide as neat an analogy: few seriously contend that the world economy will suffer from the same degree of contraction experienced in the last century. Today, the interdependence of our economies, the fiscal tools at our disposal and the apparatus of the welfare state combine to prevent the same degree of downward momentum. But this is no coincidence. The reason that western democracies have effective social security mechanisms today is precisely because they learned the lessons of the 1930s. Franklin Roosevelt's New Deal and the enlargement of the welfare state systems in Europe and elsewhere were a calculated response to the horrific human effects of unemployment, and the ravages of World War II which was, in itself, partly a reaction to the hard times from which citizens were suffering.

I do not believe that this recession will lead to a further mass extension of state power, but I do believe that it will result in a similar moral impulse to ensure that our citizens are treated more fairly: in Europe we might call this the Era of Ethics.

In the wake of devastating failures from the financial sector, banks have been bailed out but citizens still face the reality of falling incomes and job losses. The ethics of the corporate world have been called into question and come up short. It is now difficult to imagine that either politicians or the public will want to work their way through the hard realities of recession to restore the system that has brought their economies so low.

Further, the recession has coincided with the end of the Bush presidency. Few Americans and even fewer Europeans mourn its passing. US voters elected a liberal Democrat to the White House because they wanted a clear break with the past: both with the failed economic policies and the legally dubious and morally bankrupt apparatus that enabled George Bush's so-called War on Terror. It is not just the United States that has to

cleanse itself of guilt however: Europe is also stained by the practices of the recent past. There are credible allegations of secret prisons, rendition stop-overs and cooperation with torture practices by EU Member States. Among European citizens, there is a strong appetite to ensure that their governments adopt more moral foreign policy - and with Barack Obama in the White House, European leaders are now free to pursue this.

So how might Europe reset its ethical compass? What are the key changes that Europe could - and in my view, should - bring about to establish a new Era of Ethics? I believe that there are three key areas of action: the economy; the environment; and human rights standards. In each, the European Union is empowered to act by virtue of its collective strength and deeper integration. These challenges are cross-border in their nature and therefore require a coordinated response by Member States.

On the economy, the current outrage over large bonus payments to financiers is a mere symptom of the widespread frustration at the way in which dishonest and reckless practices in the financial services sector have done so much damage. Regardless of the rights and wrongs of the bonuses system, the answer to this problem is not a piecemeal approach or a series of populist measures. Rather, it is extensive reform of a rotten system, with honesty and transparency built into the new economic order.

EU leaders must work with the Americans on reform of the international finance sector to ensure that this kind of creative accounting is not permitted to recur. That means cracking down on tax havens - including those in Europe's midst - and ensuring that they are not able to circumvent rules or evade best practice. It also means that the IMF should not only have its budget enhanced in order that it is a credible crutch for defaulting nations, but there should be a significant reassessment of the role it plays in monitoring the financial practice of governments and institutions, and an insistence on high ethical standards in their accounting and spending. At the specifically EU level, there is also a strong case for creating a European financial services authority to promote fair and efficient markets, help retail consumers achieve a fair deal, and improve European business capability and effectiveness. The EFSA would do this by policing a mutually agreed set of statutory objectives and robust principles of good regulation.

But while long-term structural reforms are an ethical necessity, it would be morally wrong and practically short-sighted to ignore the immediate effects of recession and what Europe can do to ease citizens' pain. Member states have already acted in concert by guaranteeing savers' bank deposits, settling on an economic stimulus package of at least €200 billion in value and committing to preserve the principles of the single market. Now that this ballast is in place, the primary priority is clear: jobs, jobs, jobs. President Obama's Chief of Staff Rahm Emanuel is often quoted as saying "never let a crisis go to waste". The crisis of recession is Europe's opportunity to reshape our economies and our job markets by investing public money in research, development and productive employment, promoting the transition to the knowledge-based economy and returning to growth on the principles of flexicurity which have served Denmark and others so well.

This approach has always been entirely congruent with the Lisbon Strategy. Those Member States that have taken the steps to meet it are the Member States who have found themselves best placed to weather the current economic storm. Over recent months the EU has seen a rash of reports (Andersson, Ferreira, Kirilov etc) urging national governments to press ahead with employment guidelines, cohesion policy, and structural reforms that will better prepare them for the rising tide of unemployment through 2009, and create a more robust economic infrastructure for the post-recession period. In short-hand, this can be called the Lisbon Plus Agenda. The Commission should work with Member States to enable national governments, regional executives, and city administrations to put that Agenda in place, and to name and shame them where they do not.

Taken together, these ideas amount to an ambitious package of immediate initiatives and long term reforms that will generate jobs and provide stability. Member states and EU institutions alike have a moral obligation to ensure that they do not fall back into the easy growth assumptions of past times that have caused so many of the difficulties facing our economy today, nor adopt the populist protectionism that deepens recession. Instead, we need rigour, rules and transparency in our job market and the economy as a whole: that is part of the ethical framework that Europe should adopt.

The public money invested in public employment should also be targeted at another ethical concern to which Europe must now turn more attention than ever before: the fight against climate change. Recession may lead to a welcome retraction in greenhouse gas emissions, but this is a mere blip in the upward trajectory of carbon levels in the atmosphere. The consumption of fossil fuels will continue to grow, with devastating consequences for the environment, unless governments take action now.

It is true that the December 2008 climate change package, negotiated by the EU, goes further than any previous international agreement. Its “20-20-20” targets seek to cut greenhouse gas emissions by 20% and ensure that 20% of Europe’s electricity is generated by renewable targets by the year 2020. This accompanies tighter and mandatory emission levels for cars. All of this is welcome, but it does not go far enough. These targets will not avert the infamous “tipping point” of a 2C rise in global temperatures which will wreak irreversible damage on the world climate system. Recent opinion polls in some Member States show that citizens still rate climate chaos as a greater threat to their security than the recession: members of the public want their politicians to show leadership and the politicians, in turn, therefore have both a moral obligation and a political imperative to do so.

In a sense it is arbitrary to list the green initiatives that the EU should initiate: a thread of green conscience should run through every policy decision that we take. However, let me provide three examples that are highly relevant to the current economic crisis.

First, when the G20 recasts the mould of global financial institutions over the coming months and years, it should make clear that adaptation and mitigation of climate change must be key concerns for the institutions themselves. In this way, the IMF and the World Bank should be duty bound to consider not only the climate implications of the decisions that they make, but to make proactive policy that will assist recipient and developing countries to grow their economies in a sustainable way.

Second, those institutions and others should be properly financed to help poorer countries cope with the climate change challenge. One of the outcomes to negotiate at the 2009 Climate Change Conference in Copenhagen will be the amount of money set aside for that purpose. The EU should arrive at the negotiating table with a clear view about how much

is needed, how much Europe will therefore pay, and how the financial commitment will be shared among Member States. Poorer countries in the developing world contribute less than their industrial counterparts to pollution and climate change. Yet by virtue of their poverty, and often their geographical location, they tend to be more exposed than most to the ravages of extreme climate conditions, including drought, flooding and high winds. It is therefore an ethical necessity that the developed world does not shirk its responsibility to help pay for the damage it has caused and to prevent the damage it threatens. Europe should take the moral high ground, leading by example at Copenhagen: recession must not be an excuse for inaction.

Third, we need to ensure that implementation of the Lisbon Plus Agenda is planned to create a generation of new green collar jobs that will help offset recessionary job losses and put Europe on the right side of the green technology curve. European money should be channelled into projects that will create a new and sustainable economy, and we should look at the scope for the European Investment Bank and the European Investment Fund to invest substantial amounts of money into those projects.

One example is the European Supergrid which aims to break Europe's umbilical dependence on dirty fossil fuels by generating most of our power from renewable sources which would then be pooled across the Europe-North Africa region. Wind, wave and solar energy would be harvested from those areas where each is in bountiful supply and interconnected by a network of efficient HVDC lines. A study prepared for German government showed that this would not only erase a great deal of Europe's carbon footprint, it would save the region \$250 billion on its collective energy bill by 2050. The grid itself would cost an estimated \$80 billion to construct.

Big ideas like the Supergrid are the Green Keynes route to help us through the current recession, but they will also save consumer cash and revolutionise our energy production. Europe should not settle for a 20% cut in greenhouse gas emissions - with dedicated effort we can reduce the level by 50%, 80% - and head towards a zero carbon Europe. That is a moral challenge to which we must rise.

Slashing our dependence on fossil fuels will have an additional benefit; it will also free the European Union and its Member States to advance the cause of human rights. The very existence of the European Convention on Human Rights is evidence of their core importance to European identity. Nonetheless, realpolitik dictates the limits under which the European Union is able to promote this ethical code, and European dependence on fossil fuels is a key constraint.

On Europe's doorstep, Russia - a Council of Europe member - has cracked down on individual freedoms and liberties since the turn of the twenty first century. Freedom House has classified the country "partially free", The Economist has placed it 102nd out of 167 countries rated for the quality of their democracy, while the Heritage Foundation has given it the 120th slot out of 157 countries on their Index of Economic Freedom. Andrey Illarionov, former senior economic policy advisor to Vladimir Putin, has said that the rule of law no longer exists in Russia and litigants must now turn to the European Court of Human Rights rather than to the Russian domestic courts: indeed, by 2007, nearly one in four cases pending in the European Court were brought against the Russian Federation. To add insult to injury, Russia has not only ratified the European Convention, but the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights too. Despite this, it simply ignores their terms.

There is certainly criticism of Russia by some academics, journalists and more daring politicians. However, serious criticisms from major strategic players in the EU and further a field are reserved for Russia's geopolitical strategy rather than the treatment of its own people. It is not hard to see why that is. In January 2009, Russia turned off its gas supplies to the Ukraine, and the pressure in pipes across Central and Eastern Europe dropped, causing widespread cold and near panic in some EU Member States. Moreover, Europe is not only dependent on Russian gas, but oil and coal too. In this kind of pressured environment, domestic human rights violations take a back seat: uninterrupted energy supplies are the key concern.

But if we can harness a green technology revolution to drastically increase Europe's supply of renewable energy, our dependence on Russia - and Iran and others - will be broken, their revenue stream will be

stemmed and their key tactic for muffling human rights criticisms will be undermined.

This will enable Europe to assert its human rights values more vigorously and to use them as both a soft power tool and a bargaining chip through which to build consensus and democratic norms between the EU and external partners. Just as the United States used the Helsinki Process to establish common standards with the USSR, so the EU should use the European Convention on Human Rights and its protocols to extend freedom and liberty to oppressed citizens. Taken together, these articles could become the Gold Standard for Human Rights throughout the world, and certainly among Europe's near neighbours and sphere of strategic influence.

However, if Europe is to speak with a single and credible voice on human rights standards, it must ensure that its own house is in order. At the time of writing, the UK government is suffering the embarrassment of a slow but steady trickle of revelations about its own dubious role in the detention and torture of terrorist suspects, including the passing of secret service facts and questions to Egyptian authorities in the clear knowledge that they would be used to extract information from men being tortured by the Egyptian authorities. Britain is by no means alone: in the rush to assist the United States, too many EU Member States have compromised their ethical integrity. President Obama has ushered in a new era, and Europe must take this opportunity to commit never again to abuse its power in order to obtain information through torture, or assist others in doing so. In order to promote human rights with credibility we must show that we are meeting the high standards we seek from others.

Years of dishonest practice within the financial sector have gone hand in hand with a period of ethical dubiety in foreign policy. It is easy to place the blame squarely on the shoulders of the United States, and certainly that is where the rot set in. However, European leaders have both co-operated and acquiesced in the race for easy money and strategic favour. The result is a deep recession, a guilty conscience and a crisis in Europe's collective confidence. I believe that we will regain our certainty and nerve only when we adhere to the high standards that justify our ambitions. Together, European Member States and the Commission, Council and European Parliament must forge a new future, by crafting long term solutions to the chronic problems we face. That means rebuild-

ing our economy with an eye to transparency and sustainability, taking action against the climate change we have caused and which threatens us all, and using the language of human rights to promote the best of Europe's values around the world. This is the Era of Ethics, and it is long overdue.

Europe's third era

The European Union is a unique formation. It has gone through several stages of transformation, and on the way, developed from a mere Coal and Steel Community to a complex political actor - a true union of states. There are many steps leading from those first years to where we are today. However, two greater eras can be identified from the lifeline of today's EU.



Richard
Corbett, MEP



Sirpa
Pietikäinen, MEP



Graham
Watson, MEP



This pamphlet seeks to study some of the questions posed by the pressing need for the Union to move on to this new era. Each writer of this pamphlet is a renowned politician with a track-record of working with the wide variety of issues linked to the challenges that the EU faces today, be they about the climate, environment, democracy or other.