Rainer Bauböck

Still United in Diversity?

The State of the Union Address, 5 May 2017

60 years ago the founders of the European Communities spelled out their vision of an "ever closer union among the peoples of Europe". This phrase in the Treaty of Rome's preamble sent Europe on a twofold mission of, first, deepening integration without any predefined endpoint and, second, widening membership to include all the peoples of Europe. Looking back, one is tempted to say, 'mission successful' rather than 'mission accomplished'. For six decades, with some periods of stagnation, the Union has moved forward by extending its legal and integration regimes, growing from 6 to 28 member states.

But now it seems that the Union has arrived at a crossroads. For the first time, a member state has voted to leave the EU altogether. And during the last 10 years the Union has experienced major crises that have called into question two of its greatest achievements: the Euro and open borders across the Schengen zone.

We do not yet know what the outcomes of the sovereign debt crisis, of the refugee crisis and of the Brexit negotiations will be. So far, the union has managed to endure and respond to the challenges. But its future is more uncertain than ever.

Differentiated Integration

The Commission, whose task is to push for deeper integration, has recently turned to the member states asking them to say which future they prefer: carrying on, nothing but the single market, letting those who want more do more, doing less more efficiently, or doing much more together.

If we ask which of these five scenarios sketched in the White Paper on the Future of Europe is more likely than the others, then the dynamics of the recent crises and their preliminary outcomes point towards 'letting those who want more do more'. In the past, this has been often called 'a multi-speed Europe'. This view implied, optimistically, that every member state will eventually arrive at the same finishing line, though not all at the same time. The alternative view has instead been called 'variable geometry' or 'differentiated integration'. This is a picture of Europe consisting of broadly overlapping integration regimes – on the common currency, on

open internal borders and on defence policies, etc. – that member states may join if they qualify, or opt out of if they decide to do so.

The map with overlapping circles of integration is not limited by the EU's external borders. The Schengen Area, the European Economic Area and the Customs Union include several non-EU states. If negotiations with the UK produce a 'soft Brexit', external boundaries between member and associated states could become more profoundly blurred.

This scenario raises two questions: Is it time to give up on the idea of ever closer union and embrace differentiated integration forever? And, second, what would remain as the common project in which all and only member states participate?

The answer to the first question is not determined by facts. It depends on the political will of the member states. But as observers we can at least try to guess what that will might currently be.

There is a historical theory that transforming a loose confederation into a deeply integrated federation is only possible in times of existential crises triggered by internal or external shocks. This is how the Swiss Confederation was born in 1848 and how the United States came together as a federal union in 1787 and integrated 100 years later after a devastating civil war.

Could a federal Europe be forged from its current troubles? At the height of the Euro and refugee crises even European heads of state spoke about 'existential threats' to the Union. There were plausible arguments that sustaining a common currency would require a federal mode of fiscal integration.

The actual responses that emerged did take significant steps towards deeper integration. Who would have imagined before 2010 that a Banking Union would be politically feasible? Who could have foreseen before August 2015 that member states would accept a plan to relocate refugees between themselves? Defeating predictions that Brexit would divide member states between those advocating a soft or hard divorce, a week ago the European Council did agree unanimously and swiftly on a negotiation strategy.

Yet the main lesson that member states have drawn from the crises is not the need for greater unity. What in fact emerged in the sovereign debt crisis were strongly diverging interests between creditor and debtor states that have created a bitter antagonism between advocates of imposed austerity and of debt relief. What emerged in the refugee crisis are similarly deep divides between frontline, transit, destination and bystander countries. Some member states are overtly not complying with the agreed relocation scheme and have taken unilateral decisions to build border fences and to suspend Schengen through systematic border controls.

Brexit seems to have united the remaining member states, but we are only at the beginning of this process and it will still test the strength of European unity.

Overall, the shocks that the Union has suffered recently seem to have deepened diversity rather than strengthened unity. Many member states want to belong to the Union on their own terms, without having to participate in integration regimes they disagree with. Differentiated integration is thus, for the time being, the most likely scenario for the future of the Union on which member states can agree.

European Citizenship as a Source of Unity?

This brings me to the second question. What will the source of unity in a Europe à la carte be? One obvious answer is political union. All the member states and only these will be represented in the European Council and Councils of Ministers, only member states will nominate Commissioners, and only the nationals of member states will be represented in the European Parliament. In the political institutions of the Union, member states and citizens are treated as equals in the making of European laws that bind them equally. If differentiated integration takes place through enhanced cooperation among groups of member states rather than through intergovernmental agreements outside the Treaties, then it will still remain under the control of all the member states, since the Council needs to give its approval for a group to move forward with their plans for deeper integration.

If political union is what unites the member states, then the citizenship of that union ought to be what unites Europeans as individual members of the larger European polity.

But if differentiated integration means staying together while at the same time growing apart, can European citizenship really be a source of 'unity in diversity'?

Potentially yes, because Union citizenship is constructed in a way that fits an internally diverse union of states. The EU is often described as a halfway house between confederation and federation that is unstable, and will remain so, for as long as the house is not moved towards one of these equilibria. But once we examine the citizenship of the Union, there seems to be a third and potentially stable alternative.

In a confederation, citizens participate only in the domestic politics of the member states. At confederate level, they are represented indirectly by their governments, which strike agreements amongst each other on matters of common interest.

In a federation, citizens participate and are represented directly in federal government. They are also citizens of the states, provinces, cantons or regions of the federation, but this lower-

level citizenship is derived from their federal citizenship. Swiss citizenship is acquired through birth from Swiss parents, American citizenship through birth in the U.S. territory, and the citizens of Appenzell or California are the citizens of the federation who reside in the canton or state.

The EU represents a third model: as in a federation, there are two levels of citizenship, but citizenship of the Union is derived from member state nationality, not the other way round. It is like a federation turned upside down, with member-state citizenship on top and Union citizenship at the bottom.
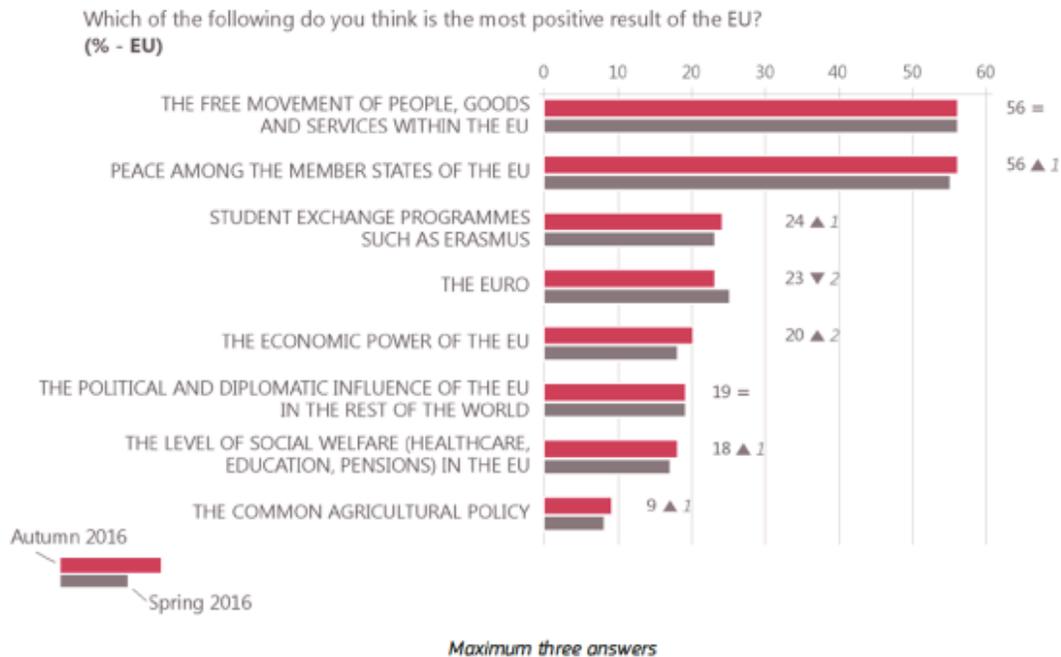
This model fits a union of states with a common citizenship but a high degree of differentiated integration. It also fits a union of states that are willing to pool their sovereignty without giving up on their independence as members of the international community of states, which federal provinces would automatically lose.

The architecture of EU citizenship is thus adequate for a differentiated political union, but is the building material also good enough to support such a large and complex structure?

A citizenship for mobile Europeans?

EU citizenship comes with two major sets of rights: the right to vote in local and EP elections and the right of free movement and non-discrimination on grounds of nationality. Free movement alone would not have justified introducing the concept of European Union citizenship into the Maastricht Treaty. After all, free movement *within* a state territory is a *human* right, not a special privilege of citizens. And free movement *between* states, such as between the UK and Ireland or between the Nordic states before they joined the Union, is a matter of reciprocity that does not require a common citizenship either.

On the other hand, European citizens see their freedom to take up residence and work in other member states as the most important right guaranteed to them by the Union. In the latest Eurobarometer, peace among the member states and the free movement of people, goods and services within the EU were ranked equally by a majority of 56% as the two most important achievements, far ahead of all the other responses.

Which of the following do you think is the most positive result of the EU?
(% - EU)

Category	Value
THE FREE MOVEMENT OF PEOPLE, GOODS AND SERVICES WITHIN THE EU	56 =
PEACE AMONG THE MEMBER STATES OF THE EU	56 ▲ 1
STUDENT EXCHANGE PROGRAMMES SUCH AS ERASMUS	24 ▲ 1
THE EURO	23 ▼ 2
THE ECONOMIC POWER OF THE EU	20 ▲ 2
THE POLITICAL AND DIPLOMATIC INFLUENCE OF THE EU IN THE REST OF THE WORLD	19 =
THE LEVEL OF SOCIAL WELFARE (HEALTHCARE, EDUCATION, PENSIONS) IN THE EU	18 ▲ 1
THE COMMON AGRICULTURAL POLICY	9 ▲ 1

Autumn 2016

Spring 2016

Maximum three answers

Source: Eurobarometer 2016

EUI ■ 4

When freedom of movement – first for workers and eventually for citizens – was written into the Treaties, the hope was that this would make Europeans more mobile and that mobility would make them more European.

To some extent this hope has been realized. Mobility between EU member states is still low, but it has been boosted by Eastern enlargement.

Sociologists Ettore Recchi and Justyna Salamonska argue that we should not only look at the 4% of EU citizens who currently reside in another member state. What matters instead are the numbers of those who have exercised their free movement rights at some time over the course of their lives and who are connected to family and friends in other member states.

If we add all forms of mobility, the numbers become quite significant. But they still do not affect large majorities of the population. Moreover, instead of uniting Europeans, free movement has become politically divisive. Some member states fear that it erodes their national welfare systems. This fear was among the most important motives for voting Leave in the Brexit referendum.

EU citizens in other Member States

Source: Eurostat

European University Institute
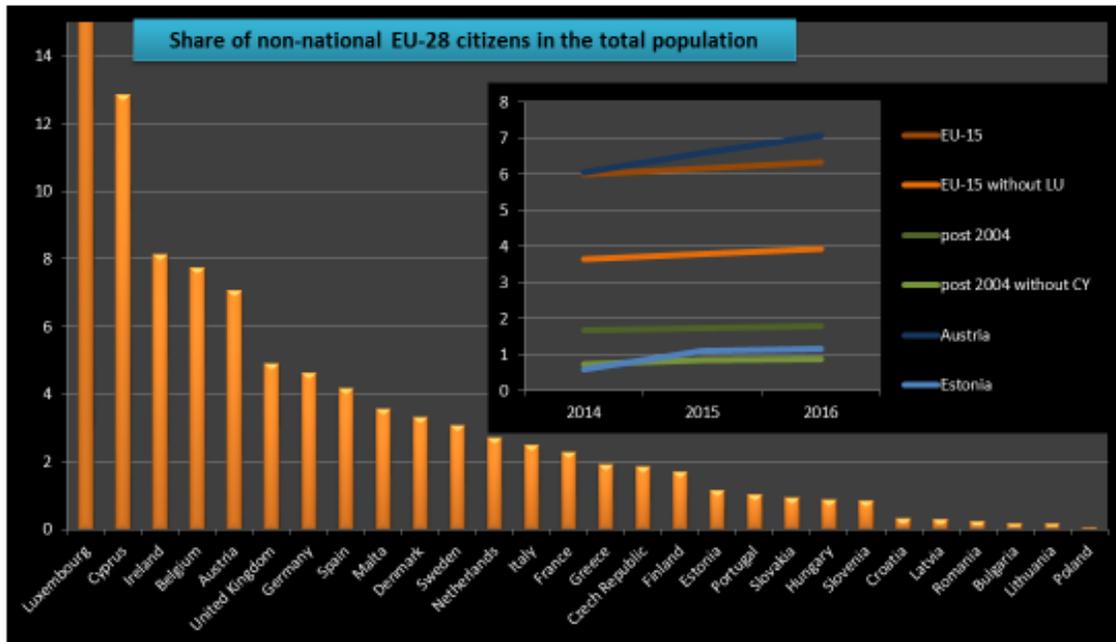
EUI ■ 5

Free movement rights will not turn those who are immobile into Europeans. While younger generations tend to experience Europe as a space of opportunities where they can get higher education and find jobs or partners, the older generations tend to often associate free movement with a devaluation of their economic skills and life styles. Mobility is therefore not only an opportunity: the expectation of having to be mobile can be a heavy burden that breeds resentment among those who feel literally left behind.

This social cleavage between mobile and immobile Europeans feeds into a change in the political landscape. There is a new divide in political attitudes between those supporting openness and those demanding closure, and it cuts across the traditional divide between left and right. My colleague Hanspeter Kriesi calls it the globalisation cleavage. In a 2014 European election study citizens in the 28 member states were asked to position themselves on a left-right axis and with regard to their support for European unification. The results show strikingly that there is hardly any correlation between the two dimensions and how politically distant from each other the member states are in this new political space.

Source: 2014 European Elections Study
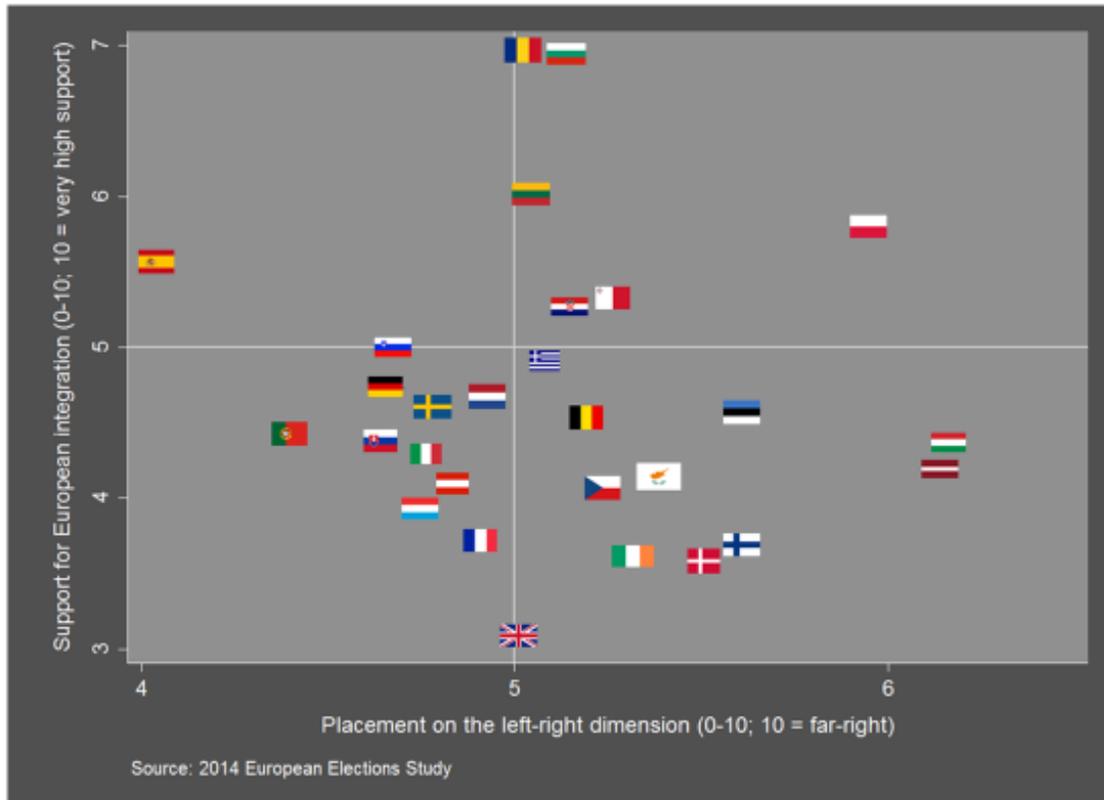
© Enrique Hernández Pérez

Enhancing European citizenship: social protection and direct taxation

So what could be done to turn EU citizenship from a privilege of mobile Europeans into a common bond that strengthens unity in diversity both within and across member states?

Curtailing freedom of movement would be the wrong answer. It would harm economic recovery and growth. It would weaken the strongest element of EU citizenship and unleash a centrifugal dynamic towards a much looser confederation. Free movement needs to be made compatible with the variety of European welfare regimes. However, social protection will not become more sustainable in a protectionist Europe with closed national labour markets.

Instead of hollowing out the core of current EU citizenship, we need to add stuff to it that has more unifying power than mobility rights. I will discuss three such elements. The first is a European social citizenship.

In his 2015 State of the Union speech, President Juncker proposed a European Pillar of Social Rights. Last week the Commission presented its recommendation and proposal for a joint

declaration with the Council and Parliament. The question is whether the Social Pillar will be built to support deeper integration within the Eurozone *or* European citizenship in all member states. In an accompanying Reflection Paper, the Commission outlines three scenarios: limiting the social dimension to free movement; enhanced cooperation on social protection within the euro area; and deepening the social dimension for the EU27.

The latter two options need not be alternatives. There are many social policies that require a level of cooperation that is not available among all EU member states. A social *citizenship* dimension would, however, focus on individual rights and levels of protection that apply universally. President Juncker's initial proposal included minimum wages and minimum income, which seem to have been dropped now. If such standards were developed for the Eurozone members only, they might be set at a higher level, but it is likely that fears about social dumping through free movement rights for citizens from the other EU states would become even stronger.

A second suggestion concerns a particular weakness of EU citizenship – its exclusive emphasis on rights and lack of individual duties. EU citizenship remains a halfway house in this respect. For example, citizenship duties to contribute to the financing of European institutions and policies are indirect as they would be in a confederation. Citizens pay taxes to national governments, which pay contributions to the European budget.

Such an asymmetry of rights and duties is not implied in the basic architecture of Union citizenship and is counterproductive for European integration. A 'duty-free citizenship' does not support a sense of solidarity and it makes citizens less keen to hold governments accountable.

It is well-known that corruption and autocracy are more likely where governments do not tax their citizens because they can rely on revenues from natural resources. In the EU, indirect taxation has a different effect: it increases the *distance* between citizens and European institutions so that they see them only through the distorting lenses of domestic politics in their own member state.

Direct taxation would give EU citizens a sense of direct ownership in the EU institutions and provide incentives for the formation of pan-European political parties.

I am aware that an EU income tax would require a Treaty change that is hardly feasible under current conditions. However, flaws in the construction of EU citizenship should be diagnosed even if the cure is not immediately available.

The quality of democracy in Europe

My third proposal for enhancing European citizenship concerns democracy.

EU citizenship means not only free movement but also the fundamental freedom that comes with democracy. The quality of democracy in Europe is today better than in other parts of the world and this is so because of European enlargement and integration. We should regard this as a major achievement, alongside peace, prosperity, open borders and mobility.

In the early years of the millennium, at the time of the Convention on the Future of Europe and the failed Constitutional Treaty, most observers focused on a democratic deficit in EU institutions. These institutions were seen to be insufficiently representative of citizens and accountable to them. The European Parliament has since gained strong co-decision powers but this has not enhanced its democratic legitimacy in the eyes of European citizens, as the steadily decreasing turnout in elections shows.

Reconsidering and reforming the division of powers between European institutions remains an important task and challenge. But we must not forget that in a Union of states, the primary level of citizenship is that of the member states. The value of EU citizenship depends on the quality of democracy in the member states.

Larry Diamond, the founding editor of the Journal of Democracy, has recently diagnosed a global 'democratic recession'. Over the last 10 years, comparative indicators for freedom and democracy have more often decreased than improved.

Today new threats to democracy also emerge in the EU member states. The main threat comes from the rise of populist parties and populist ideologies that are also embraced by centrist parties in an attempt to stem the tide that erodes their electoral support.

Contemporary European populists speak the language of democracy: They talk about giving control back to the people and they want to win power in democratic elections. But their vision of democracy is the antithesis to 'unity in diversity': for them, 'the people' has a single identity and common will represented by the populist leader and party. Those who do not fit or oppose the populist project are outsiders and do not belong to the 'true people'.

Where nationalist populists gain power or win majorities in plebiscites, they potentially disintegrate the Union in two ways: by shrinking it or by hollowing it out. Brexit illustrates the danger of shrinking while the decline of democracy in several Central European states conjures up the danger of a hollowing out. A populist victory in one of the founding states would combine both threats and might sound the death knell for the Union.

Hungary has recently been downgraded by Freedom House to the status of a semi-consolidated democracy. On this index as well as on independently calculated others, freedom and democracy have declined most dramatically in Hungary and Poland.

The Commission and Parliament understand the danger and have reacted strongly to attacks on the independent judiciary in Poland and to the Hungarian government's plebiscites against refugees, its 'Stop Brussels' campaign, its higher education law that aims to close down Central European University and its plans to emulate Vladimir Putin's crackdown on civil society organisation that received foreign funding.

The EU has legal instruments to sanction a member state whose government violates fundamental European values: the suspension of voting rights in the Council according to Article 7 of the Lisbon Treaty, which has never been used so far, and the infringement procedure, which was launched last week against the new Hungarian higher education law. In June last year, the Commission also took the unusual step of issuing an Opinion on the Rule of Law in Poland.

There are two problems with these instruments. First, populists in power can be quite skilful in avoiding overt breaches of EU law while still achieving their political goals. They can shape the political discourse, pass apparently neutral legislation that effectively attacks independent institutions, or stage plebiscites that provide governments with a popular mandate for authoritarian policies.

Second, the populist calculus already factors in political reactions and legal sanctions by EU institutions. Being attacked in this way helps populists to pose as victims and as defenders of national sovereignty, to mobilize their supporters and to attack their domestic opponents for lining up with the external enemy.

These are not reasons for the EU institutions to remain inactive, but rather for broadening the response to authoritarian populism by mobilizing European citizens. Recent elections in Austria, the Netherlands and France have been largely fought over European integration and the threat of populist takeover. They have been lost by populists, not least because new movements emerged that bypassed established parties and *practised* their European citizenship by campaigning for the EU. Who would have imagined that European integration could inspire so many people across Europe to take to the streets?

Conclusions

'Unity in diversity' is a motto that does not only apply to the European Union. It also applies to each of its member states since it expresses a quintessential democratic idea. Modern societies are diverse because their members have different interests, ideas and identities. Democracy is the only form of government that can be accepted as legitimate by everybody in societies where there are structural conflicts of interests, where people differ fundamentally in their ideas about how one should live and what is good for all, and where citizens cherish their particular ethnic, religious, linguistic, sexual and lifestyle identities. All European societies are diverse in all three respects. This is the basic truth that populists deny. They claim to speak on behalf of 'the people' in the singular, a people that is united in its interests, will and identity, and that is represented by the populist leader or party.

But what is the alternative view? How can people who diverge in their interests, who disagree with each other and differ from each other regard coercive government and its collectively binding decisions as legitimate? They will do so only if – in spite of all their differences – they respect each other as citizens belonging to the same democratic people.

Shared citizenship is what unites diverse societies in democratic states. But diversity within the European Union runs much deeper. The citizens of Europe are *not* united under a single constitution and ruled by a single government. The Union recognizes not only the diversity of interests, ideas and identities of its citizens, but also the variety of democratic constitutions of its member states. A Union with differentiated and overlapping integration regimes must even recognize that there are different ways of belonging to the Union itself.

Maintaining unity in spite of such deep diversity cannot be achieved through a citizenship that has so little weight that it can be easily carried across borders, but that has so little substance that those who stay put do not feel it.

In order to keep an internally differentiated Union united, European citizenship needs to be enriched with a social dimension and substantive duties. And in order to protect the Union against the risk of further shrinking or hollowing out through populist victories, European citizenship needs to include a 'democratic quality guarantee' for every citizen, in every member state.

Diversity is the lifeblood of democracy and unity is its goal, not its starting point. The European Union's motto commits it to this conception of democracy. Now is the time to stand up and defend it.