


EU-27 WATCH



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On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new *modus operandi* while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: www.EU-27Watch.org.

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Italy**Unanimity rule paralysing European economic policy**

Jacopo Leone*

Since the emergence of the Greek financial and economic crisis, Italy has always approved and encouraged an European coordinated action to resolve the situation. As Prime Minister Berlusconi maintained, if the EU is not willing to help a member of the Euro area afflicted by a severe economic crisis full of perilous potentials, then the EU has no reason to exist.¹ On the same line, the Italian Minister for Finance and Economy Giulio Tremonti, commented that the finance package to support Greece was the right thing to do.² More sceptical, however, was the opposition leader Enrico Letta, highlighting how the decision to involve the International Monetary Fund (IMF) undeniably discards the idea of a possible European Monetary Fund (EMF).

In this particular regard, the research community and various opinion-makers have adopted a rather severe and rigid position. Indeed, the agreement on the first rescue package, announced at the end of March 2010, has been described as a last minute solution, in which Germany seems to have obtained the most concessions.³ According to a comment which appeared in the Italian leading economic journal *Il Sole 24 Ore*, the financial package was a reasonable outcome aimed at lowering the risk of moral hazard. Germany is right in its restrictive approach to the Greek situation, and to deem the creation of an EMF a futile and complicated operation.⁴ Although necessary, Daniel Gros suggested that the IMF is not able to offer Greece enough money, and that the EU will probably have to participate with its own resources.⁵ In conclusion, it has been noted that politicians should not confuse European patriotism with financial irresponsibility, since the future of the whole EU economic project is involved.⁶

Following the latest financial and political developments of the Greek crisis, including the tragic death of three people in Athens on 5 May 2010, an improved European rescue package has been promptly announced. With the realistic danger of a massive European financial infection, the Italian press shifted its attention to the political aspects of the crisis, asking for a substantial and rapid intervention, which indeed materialised.⁷ In this regard, the Italian government expressed satisfaction with the 750 billion Euro agreement, with the President of the Italian Republic Giorgio Napolitano praising the Italian role during the political negotiations.⁸ Nevertheless, some analysts noted that this solution represents only a second best, and that the EU ultimately needs to reform its economic institutions, creating automatic mechanisms to effectively control future crises.⁹

Mario Draghi, current Bank of Italy's governor and candidate to head the European Central Bank, noted that one of the main results of the Greek crisis has been to underline the need for a more robust and comprehensive Stability and Growth Pact (SGP).¹⁰ Generally, the same opinion is shared by Italian politicians and public opinion. Stricter rules are deemed necessary, and the European Commission should be allowed to indicate targets/actions and, when required, impose the Europe 2020 Strategy.¹¹ But the reform of the SGP cannot be limited to sanctions. Indeed a structural approach able to offer a more solid and balanced European economic organisation is also needed.¹²

As has been highlighted, however, the Greek crisis is both economic and political. Therefore, any reform has to find a common political agreement among the EU member states, which seems to be, according to the last analysis, the main problem of an EU in which the current global financial crisis has brought an acute mutual distrust.¹³

The possibility of a European economic governance, which has been suggested on several occasions during the Greek financial crisis, has remained rather unexplored in Italy. Nevertheless, some ideas have emerged from the public debate. Finance Minister Tremonti, for instance, admitted the need for a European direction of public investments, the first step towards an improved coordination between member states' economic policies.¹⁴ Moreover, the institution of new agencies aimed at the creation of a financial regulation system could be a complex development for the European economy, since such a system would have to be successfully applied to all the member states of the Eurozone. After all, the credibility of the whole EU is at stake, and the consequences that a failure or a weak system could trigger are indeed pervasive.¹⁵

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In a nutshell, a coordinated governance of the European economy is a vast political operation, in which all the European institutions should receive a precise and improved role. Italian researchers and politicians appear rather favourable in principle, but it will take time before a concrete agreement is going to be reached.¹⁶

Just after the release of the Commission's proposal for a new Europe 2020 Strategy, the Italian government expressed support for the document, in particular with regard to its references to innovation, the value of small/medium enterprises, and the attention posed on international markets.¹⁷ The Italian Minister for Finance and Economy, Giulio Tremonti, called the text interesting, as long as it is not understood as an instrument to incentivise public expenditure by the member states.¹⁸ Moreover, following the Franco-Italian summit of April 2010, both parties have argued that a stronger role for Common Agricultural Policy should be inserted in the final version of the Strategy.¹⁹

However, the economic provisions contained in the document are probably not enough. In fact, it appears to be indispensable to also deal with the structural weaknesses of the European economic project, like the unanimity rule, which is ultimately paralysing most present EU actions. Only in this way does a better and more coherent economic future for the EU seem achievable.²⁰

¹ Reuters: Grecia Berlusconi: Unione Europea deve dare aiuti, 21 March 2010, available at: <http://it.reuters.com/article/topNews/idITMIE62K02M20100321> (last access: 26 April 2010).

² La Repubblica: Atene alla prova bond: 16 miliardi entro Maggio, 26 March 2010, available at: <http://ricerca.repubblica.it/repubblica/archivio/repubblica/2010/03/28/atene-alla-prova-bond-16-miliardi-entro-maggio.html> (last access: 26 April 2010).

³ Paolo Guerrieri: Europa delle patrie, AffarInternazionali, 29 March 2010, available at: <http://www.affarinternazionali.it/articolo.asp?ID=1428> (last access: 26 April 2010).

⁴ Alberto Alesina/Roberto Perotti: Processiamo le cicale greche non le formiche tedesche, Il Sole24Ore, 27 March 2010, available at: <http://www.ilsole24ore.com/art/SoleOnLine4/dossier/Italia/2009/commenti-sole-24-ore/27-marzo-2010/salvataggio-grecia-accordo-francia-germania.shtml?uuid=f773d266-3978-11df-9fa9-1d4f0b3be0c7&DocRulesView=Liber0&fromSearch> (last access: 26 April 2010).

⁵ Daniel Gros: Dilemmi Greci, La Voce, 23 March 2010, available at: <http://www.lavoce.info/articoli/-europa/pagina1001622.html> (last access: 26 April 2010).

⁶ Francesco Giavazzi: Più che un fondo serve coraggio, Corriere della Sera, 11 March 2010, available at: http://www.corriere.it/editoriali/10_marzo_11/giavazzi_e253ab20-2cd2-11df-a00c-00144f02aabe.shtml (last access: 18 May 2010).

⁷ Marco Onado: Ora la politica curi l'infezione, Il Sole24Ore, 7 May 2010, available at: <http://www.ilsole24ore.com/art/SoleOnLine4/dossier/Italia/2009/commenti-sole-24-ore/7-maggio-2010/crisi-euro-politica-curi-infezione.shtml?uuid=6d2c43b4-599d-11df-acb8-823383602e85&DocRulesView=Liber0> (last access: 10 May 2010).

⁸ Corriere della Sera: "Il premier ha sbloccato i negoziati". Napolitano "Italia ha fatto la sua parte", 10 May 2010, available at: http://www.corriere.it/economia/10_maggio_10/chigi-napolitano-frattini_fd247162-5c1d-11df-92dd-00144f02aabe.shtml (last access: 10 May 2010).

⁹ Tito Boeri/Tommaso Monacelli: Non aggiungiamo miopia alla miopia, La Voce, 10 May 2010, available at: <http://www.lavoce.info/articoli/-europa/pagina1001702.html> (last access: 10 May 2010).

¹⁰ La Stampa: Draghi: Governo economico Ue e con regole più severe, 20 March 2010, available at: <http://www.lastampa.it/redazione/cmsSezioni/economia/201003articoli/53316girata.asp> (last access: 26 April 2010).

¹¹ Antonio Villafranca: The future of Euroland after the Greek crisis, ISPI Policy Brief n. 179, March 2010, available at: http://www.ispionline.it/it/documents/PB_179_20101.pdf (last access: 26 April 2010).

¹² Giancarlo Corsetti: Cambiamo il Patto di stabilità, La Voce, 16 February 2010, available at: <http://www.lavoce.info/articoli/pagina1001560.html> (last access: 26 April 2010).

¹³ Antonio Missiroli: Of Greek and gifts, ISPI Commentary, 4 March 2010, available at: http://www.ispionline.it/it/documents/Commentary_Missiroli_4%20marzo%202010.pdf (last access: 26 April 2010).

¹⁴ Giulio Tremonti: Un ruolo per il Fondo monetario nel salvataggio della Grecia, Il Corriere della Sera, 6 March 2010, available at: http://www.corriere.it/economia/10_marzo_06/tremonti-grecia-fondo-monetario_c2a71ffc-28f2-11df-a5a9-00144f02aabe.shtml (last access: 26 April 2010).

¹⁵ Nicolas Veron: Il fallimento che l'Europa non può permettersi, La Voce, 23 April 2010, available at: <http://www.lavoce.info/articoli/pagina1001661.html> (last access: 26 April 2010).

¹⁶ Romano Prodi: La speculazione, l'Europa divisa e la speranza di Kohl, Il Messaggero, 9 May 2010, available at: http://www.romanoprodi.it/articoli/italia/speculazione-europa-divisa-e-la-speranza-di-kohl_1494.html (last access: 18 May 2010).

¹⁷ Governo Italiano: Strategia Europa 2020 condivisa dal Governo Italiano, 3 March 2010, available at: <http://www.governo.it/Presidenza/Comunicati/dettaglio.asp?d=56062> (last access: 26 April 2010).

¹⁸ ANSA: Tremonti a Ue, strategia 2020 non sia bancomat spesa, 16 March 2010, available at: <http://notizie.it.msn.com/business-news/articolo.aspx?cp-documentid=152597706> (last access: 26 April 2010).

¹⁹ ANSA: Strategia 2020 Italia e Francia puntano sull'agricoltura, 30 March 2010, available at: <http://www.newsfood.com/q/3600765e/strategia-europa-2020-italia-e-francia-puntano-sullagricoltura/> (last access: 26 April 2010).

²⁰ Giampiero Gramaglia: Europa 2020 chi fa da se fa per tre, AffarInternazionali, 4 March 2010, available at: <http://www.affarinternazionali.it/articolo.asp?ID=1404> (last access: 26 April 2010).

Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!

1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?