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P R O C E E D I N G S

MR. CALINGAERT: Good afternoon. I'm Michael Calingaert, visiting fellow at the Center on the United States and Europe here at Brookings Institution. It's my very great pleasure to welcome you all here for this afternoon's session concerning the launch of the new Brookings publication, The Foreign Policy of the European Union -- Assessing Europe's Role in the World. Judging from the turnout here, there's a lot of interest in Europe and that's always gratifying to those of us who are interested in Europe.

You all know that when you purchase a house, the three most important considerations you're all told is location, location, location. When you're publishing a book, three key considerations, although obviously not the only one, is timing, timing, timing. And Federiga Bindi and her collaborators on this book certainly did that right. As you know, this comes out just a few weeks after the bringing into effect of the Treaty of Lisbon with its various provisions on foreign policy, including the beginning now of institutional changes.

As those of you who will have seen the book will note, it is a comprehensive description and analysis of the broad range of issues that fall under the rubric of foreign policy. It makes abundantly clear -- and I take this from the back of the book, so no claim of authorship -- that the EU is one of the world's most powerful and important actors on the world stage. This is role that has evolved and has expanded over time.

Over the years, there's been a lot of discussion about development of a so-called common foreign policy and I expect we'll hear much enthusiasm and positive thinking on this issue. Before that happens, however, I wanted to raise a couple of personal notes of caution.

The first one relates to the limits to the development of a common foreign policy. While there's been an increasing coordination of policies and joint action over the

years among member states, I think it's important to recognize that national governments remain supreme in this area and the situation is hardly likely to change. In other words, it is almost inconceivable that member states, particularly larger ones who have developed their own important foreign policy, will submit to a system under which they're required either to abstain from policies and actions they desire or to support and carry out ones they do not agree with. And I think that's something that one has to keep into account.

Secondly relates to U.S. policy. It's been a constant of U.S. policy over the years to support and urge the development of an EU common foreign policy as the U.S. and the EU sharing common interests and presenting a united front would have a far greater probability of achieving their joint objectives. However, the presumption or inference is that the two sides would invariably agree or, indeed, in U.S. eyes, that the EU would invariably follow the U.S. lead, and that is not necessarily the case. The invasion of Iraq, of course, is a case in point. Thus, while the U.S. interests will very largely be served by the development of an EU common foreign policy, I think we must realize that automatic 100 percent support is simply not in the cards.

Let me now turn to introduction of the panel. I think it's standard to say that we have a distinguished panel and I'm happy to say that we do have a distinguished panel. We have four heavyweights. We have people who have been over-achievers in their various fields: two Europeans, two Americans. And we've asked -- each of these have played a significant role in rather different circumstances and conditions. We've asked them to speak in alphabetical order and they are duly lined up in alphabetical order, starting from A to V. And I will give a brief introduction of each of them, although you can obviously read more in the handout, which has the biographies of them.

Giuliano Amato has been a pivotal figure in the Italian political scene for some decades now. He served twice as prime minister. He was deputy prime minister,

minister of institutional reform, minister of the interior, minister of the treasury. He was also the head -- I believe the first head -- of the Antitrust Authority in Italy. He is also a major figure in European circles. Notably he served as vice president of the Convention on the Future of Europe that detailed the proposals which ultimately, with some hiccups along the way, resulted in the Treaty of Lisbon. He's had an active career as an academic, professor, and writer on law. And many connections with the United States. He has a master's degree in comparative law from Columbia. He has regularly taught at New York University, among other places. He's the chairman of the American Study Center in Rome. And last but not least, in the 1980s he spent a year at the Brookings Institution as a guest fellow.

Daniel Hamilton wears three hats, at least three hats that I'm aware of. He is the executive director and, indeed, was the founder of the Center for Transatlantic Relations, which was set up as an integral part of the School of Advanced International Studies at Johns Hopkins across the street and down the street from us. Dan and the Center have carried out an active program. They have done -- I would like to particularly mention pioneering I think very important work in assessing and publicizing the vast extent, the breadth and depth, of the economic relationship between the EU, Europe, and the United States, including a lot of detailed work on a state-by-state and country-by-country basis. He's also the director of the American Consortium of EU Studies, a partnership among five Washington area universities under the EU Centers of Excellence, which is a program set up by the EU delegation here in Washington. And finally, he's Richard von Weizsacker research professor at Hopkins. His many previous activities include teaching, working in research institutions, and he served in senior positions at the Department of State, both in policy planning and in the Bureau of Western European Affairs.

Andrew Moravcsik is professor of politics and international affairs, and director of the European Union Program at Princeton University. Before that he held the

same positions at Harvard. And he's played an important role in academic and public discussions on the EU, consistently providing lucid and persuasive accounts of developments in the EU to an often uninformed and often skeptical U.S. audience. To say he's a prolific writer is an understatement and he's contributing editor of Newsweek and book review editor for Europe, a foreign affairs magazine. His range of writings is most extensive and I particularly wanted to note that he produces a steady stream of serious articles on opera. And finally, I should add that since 2004, Andy's been a nonresident senior fellow here at the Center.

Finally, not yet here but coming, Pierre Vimont is the French ambassador to the United States. As one would expect from an official playing a key role in this important and not always easy relationship between the two countries, Ambassador Vimont is a distinguished senior diplomat. Immediately before coming to Washington in 2007, he was chief of staff to the French minister of foreign affairs. Much of his career has involved the EU. He served first in the permanent representation in the '80s, the French permanent representation in Brussels. Following that he was chief of staff to the French minister responsible for European affairs. And then from 1999 to 2002, he was French permanent representative and ambassador to the EU. And then I would just mention a previous posting in the U.S. was on secondment to the Institute for East-West Security in New York in the middle 1980s.

So I'd now like to turn the proceedings over to Federiga Bindi. As you know, she is the editor of the book. She is a nonresident senior fellow here at the Center. She is also a Jean Monnet professor -- a Jean Monnet chair in European political integration at the University of Rome Tor Vergata. And she as of lately, since she doesn't have other things to do -- grass does not grow under her feet -- is directly for international relations at the Italian National School of Government. I should add she came to Brookings here as a

fellow under the terms of a cooperative agreement that's of several years standing between the Center on Europe and the United States and the Council for United States and Italy, which is a binational group of business leaders. And under the program it's to give an Italian component to the work of the Center.

So I'm now very happy to turn the proceedings over to Federiga and the panelists.

MS. BINDI: Okay. Thank you, Michael, very much for your introduction and thank you for all you've done while I've been here.

Now, I would propose that we go in alphabetical order, that each of you speak about 8 to 10 minutes so that we can have discussion between yourselves and the public afterwards. And I would start with Professor Amato.

MR. AMATO: Eight to 10 you said? (Laughter) Okay, fine. I will try to make it.

Well, first of all, as Michael said, the timing of this book is perfect because these are the days when the European foreign policy is being discussed in relation to the creation of the single diplomatic service, the first steps of Lady Ashton as both high representative and commissioner for external affairs for several reasons. Now, to make it very short, these are the points that I had in mind that might deserve discussion with you.

First, when we speak of ourselves, we Europeans tend to be much more unsatisfied than our policies actually deserve. And frequently I happen to come to this country just to hear, "But why are you so unsatisfied? Look at what have you done," and they like it a lot. (Laughter) Because it's a sort of refreshing and different view than the pessimistic one that we tend to have on ourselves.

For an instance, we said, well, I mean, after the fall of the Berlin Wall, the fall of communism, we lost our role. We lost our role because the transatlantic relationship

had its strength and its core business in making the two sides of the Atlantic sort of same side fighting against communism, et cetera. And so on the one side, the relationship with the U.S. was very firm on both sides. On the other, our common mission was very clear in foreign policy. Now what happens? We don't know exactly what are we going to do in this multi-polar world, as we say.

Now, everybody has lost its role in the multi-polar world, not only the Europeans. The Europeans should not be so frustrated for these reasons. Roles have to be rebuilt again in this multi-polar world. The U.S. has lost its role. It's not the super -- the military superpower that by its military strength can solve any kind of problem, but it's perhaps -- and at least I hope -- the still leading country of the world. But being leader does not mean being hegemonic, as somebody said. So it's the one that puts the others around the table, sets the items to be discussed, and tries to exercise and influence. But it's a very different role because now it has to be exercised vis-à-vis countries that did not exist in the past in terms of power and they are now part of the powers of the world. The traditional, as we say, rule takers are now becoming rule makers. And therefore, the traditional rule makers have to adapt to a world in which rules have to be made with others, also.

We have lost a role, but we have found another one. The best -- what is considered the best experience in relationships with other countries by Europe came after the end of communism and, as a consequence of it, Eastern Europe enlargement, accession. It allowed us to discover something that is now called, and books are written on it, "the transformative power of Europe and of the European Union." And actually this transformative power has demonstrated to exist countries that years ago were communists in political regime and in economic setting are now, let's say, not perfect democracies, but they are now part of the Union. And the power of attraction of Europe towards the neighbors is something that it is effective.

This leads to a question, but what you have been done, you Europeans, is wonderful, is beautiful, is more than acceptable in the relationships that you have in the area surrounding you. But does it mean, by any chance, that you tend to be a regional power and not a global actor? Are you equally effective in Far East Asia or what you are doing somehow limits your role to the neighboring area? Now, this is quite an issue. This is quite an issue. And the Europeans have to give an answer to this. We tend to act as if we could be a global actor, but, undoubtedly -- and this is a point -- while we exercise our transformative power, our power of attraction on our own as Europeans, if we want to play a role as a global actor we need the transatlantic relationships quite likely. So it is substantially impossible for Europe to play a role at a world scale without cooperating actively, without sharing a global strategy with somebody else, being the somebody else necessarily our traditional (inaudible).

Now, the point here becomes -- and I can list the points and not go to the answers -- whether from the angle of the Americans preserving the transatlantic relationship not just to fight against the Soviet Union in relation to which Europe was the theater and, therefore, it was the natural partner somehow, but in tackling global issues. Does it make sense for the U.S.? Isn't it better to directly deal with China, with Japan, with Pakistan, with whatever country they need?

My answer is no. My answer is no, for a very simple reason. Though the world is very complicated, we have to find an agreement with the others. But there is a fact that is crucial: that U.S. and Europe share some basic values and some basic principles. And this shared asset is something extremely valuable in dealing with the others, others that we have to treat as friends, offer our hands, whatever. But if we sum up the Europeans and the Americans in this kind of relationship, our ideas might be stronger than they otherwise would.

Of course -- and I'm going to finish -- we face some organizational problems. This is quite obvious. I mean, we are not, as a union, a federal state. We are not. We are not going to be a federal state. We are a hybrid organization. And this is something that Federiga in the introductory chapter and in the conclusions makes very clear: If you want to understand Europe, you have to adapt to a system in which actors of different levels of government play a role together. This is something that has to be exacted, which makes things a little bit confused normally, sometimes more than a little bit.

We expect the Lisbon Treaty to reduce the number of interlocutors for third parties, and we discovered that the prime minister of the semester (phonetic) had not understood the sense of what was going on. And so instead of having the president of the commission and the president of the council, we also have the president of the country of the semester. And this is the sound reason for which President Obama decided that he had no reason to go to Madrid to meet too many presidents. And he's alone, poor guy. How can one only president cope with so many presidents representing the same thing? It's not fair, after all. It's really not fair.

But -- and this is my conclusion -- this is something that we are going to solve. If you want my only reason to be somehow pessimistic at the moment about our European role in the future world, this is due to the fact that we are becoming on the whole a bunch of national societies of old people. It's an elderly Europe that you are coping with. And when I happen to be the youngest frequently -- and I'm over 70 -- and I happen to be the youngest in discussing things, there is something wrong going on. (Laughter) It means that the vision of the future is missing. Old people don't perceive the future as their own challenge. You need a young society to perceive the future, to say we are going to do these things for the world of tomorrow. What can I say about the world of tomorrow if I am not even sure whether I will see it?

Evidence of it is the fact that we had a wonderful approach to Africa, the global approach, tackling the roots of poverty; reducing migration to Europe by tackling poverty in Africa. It has almost disappeared because the reasons of security, of closing the walls, of reducing migration, simply not allowing too many foreigners to come with us, it's a sign of our getting old. The future is a future of intercultural societies, of different ethnic groups living together. Quite obviously our expectation that our societies might remain what they were -- white and Christian possibly, excluding the others -- is something really that reflects, you know, this is not a country for old people, the Cohen brothers say. Europe, unhappily, is a continent of old people, and this is something that bothers me. But being myself old, what can I do? (Laughter)

MS. BINDI: You are not old. And anyway, everything is relative because you might be old here in the States, but in Italy, for instance, you are still a baby. (Laughter)

MR. AMATO: In Italy, I'm one of the youngest, as I said, yes.

MS. BINDI: So, Dan.

MR. HAMILTON: It's a state of mind, I think. Anyway, thank you, Federiga, and thanks to Michael and the Brookings Institution for having me join this panel and to talk about this book, The Foreign Policy of the European Union. I've actually looked at it.

MS. BINDI: Wow. (Laughter)

MR. HAMILTON: And it does contain a lot of interesting perspectives and articles on the EU and its foreign policy, both past and present and looking to the future. I think my main theme in that context, though, is to make a simple, I think, but apparently basic point, that if you think about the foreign policy of the European Union, I think what you usually find is that the EU does not really have and hasn't had a traditional foreign policy nor is it likely to have one very soon in the future. Where its real contributions as foreign policy have been has been sort of untraditional type of foreign policy. And if you look both to the

past and to the future, I think you find areas that are quite -- of great significance, but are not defined as traditional. And I think by treating the EU as another sort of state or even another international organization one gets misled a bit by where the EU has played a role and is likely to play a role in the future. And that has some implications back in the United States.

For instance, if you take the past, I think Mr. Amato also in his Forward makes this fundamental point, that really the EU's greatest foreign policy achievements, if you think historically, have been mainly in its transformative potential among its own members. If we think about the cardinal problem of the 20th century, it was the fact that European -- the main threat to Europeans were other Europeans, and the main threat back to the world were other Europeans. And that by creating a framework in which Europeans started to come together in very untraditional ways, it transformed the nature of European conflict, the basic questions of peace and war. And that's the transformative element of the EU for its own members. So, thankfully, today we do not have that type of Europe that we faced actually not too long ago.

And I think since the end of the Cold War, that transformative potential also turned into what Mr. Amato said about the attractive nature of Europe, its attractive power. And that was to extend this transformative model to a whole series of other countries that wanted to join, that are also European, wanted to simply join that broader space of stability and democracy where war doesn't happen. That has been its signal achievement. It's really an historic achievement and I think we should all be proud of that because I do believe the United States played also an essential and formative role in those -- over those decades.

I think the one area -- and so the question about where the EU made a difference is more about what it was and what it is necessarily than what it does in a traditional foreign policy sense. I think the exception to sort of that is in the economic realm. But again, that's not mainly traditional foreign policy. It's very important. The common

approach to trade issue, the creation of the euro, forming a single market, having substantial developments in humanitarian assistance capabilities that it does project, these are all very significant things that the EU does and has done. But again, it's in this particular realm of economic and trade policy rather than traditional foreign policy, and that's likely I think to continue. In fact, it'll accelerate now.

But what I would argue is we're in a new phase where you don't see now, today, any consensus among EU member states about its further enlargement, about where it takes this attractive potential still within the European continent. There's no consensus there right now about what to do.

It's also facing a challenge right now about its instruments in the economic realm. You see the euro crisis, the eurozone having to deal now seriously, for the first time, with what happens when you have really some failing states in economic terms. What are the mechanisms within the eurozone to help them out? And this is a test now of that effort as well.

And finally, you have a Europe in a new world, as was said. Europe's own role has changed as the world is changing. It's not only aging and shrinking, the European continent, but it is increasingly, you know, less of a much bigger world; I think about 6 percent of the world's population, and an aging part of that. So this is the context in which the Lisbon Treaty appears and is sort of an occasion for Europe -- I think the challenge for Europe -- to sort of step up now, to move beyond just becoming what it is to something about what it does.

Lisbon does give the EU new instruments, and I think they're interesting ones. But again, they're not really in the traditional foreign policy realm. I think much of the debate over the last few months about, you know, who they named as the -- you know, to lead EU foreign policy sort of misses the point. I believe the nominations of Mr. Van

Rompuy and Mrs. Ashton were, in fact, basically sending the message: This is going to take another five years or so to get kind of the traditionalist type of foreign policy approach down within the EU context. Mr. Van Rompuy's term is 2 times 2-1/2 years; Mrs. Ashton has a 5-year term. I think that the nature of those people, it was a consensus among member states that they don't quite have this together; they need some consensus-building figures to try to get the process together. There's going to be a lot more process, which Americans sort of watch with sort of stunned amazement sometimes, but you can watch our process, of course, and have the equal feel.

I think the message is it'll take that long time to get traditional foreign policy going in an EU context. And it's not going to happen anytime soon. I think you'll see elements of it, but not a coherent, effective, single phone number anytime soon. And, in fact, I think where Americans will see the impact of the EU is more in third countries than here in Washington.

Pierre has just joined us. I don't mean to say this now, Pierre, because you're here, but if we're honest, I think the last place you see a really consolidated EU is in Washington, D.C. Because each of the embassies, member state embassies, of course, are keen on guarding their bilateral relationship with Washington. And so it's a very -- you know, it's a string of bilateral relationships. It could be stronger; I don't see it in any forceful way. And I think where Americans -- let's say diplomats, rather, will see the impact will be in third areas, like in Kiev or Yerevan or Rabat or places like that, where suddenly you'll start to see an EU ambassador that has many more resources than the British ambassador. And then the American ambassador will say perhaps it's worth a phone call over there as well, and to start to engage in a different way when we deal with sort of common crisis spots. But I think it'll take a while to come back here and filter back to Washington.

And if you look at the other elements of the Lisbon Treaty, the most

immediate impact, as I say, in untraditional foreign policy is not in the areas we're looking, but in the areas we don't seem to be looking that are already starting to affect us. The most fundamental is justice and home affairs. The Lisbon Treaty fundamentally changes the role of the European Union, the European Parliament, and all the institutions in this area. It is an area in which we have seen our own focus on antiterrorism, homeland security, it really knows no boundaries. We're not home alone when we confront these challenges.

And so the question is can the United States Government also step up and understand the changed nature of what's happened now because of Lisbon in this realm? We have common cause in defending our societies and making them resilient to the kinds of either manmade or natural disasters that might affect us. But we're not organized well to deal together in a coherent way to deal with those challenges. And I think that's actually the much more immediate issue that we should be facing and actually an opportunity because there are new resources now that the EU has.

The other area is development and humanitarian assistance again. We provide together 80 percent of the world's development assistance and 90 percent of the world's humanitarian assistance. Just the EU and the United States. And that could be done a bit better, more effectively together. I think we recognize that. There are new development dialogues and things going on, but we haven't quite harnessed the potential that we have.

And, in fact, if you think of the new world that we're facing, why is it that we're actually contributing 80 percent of the development assistance in the world and 90 percent of the humanitarian assistance? Where are the other donors? There's certainly a lot of other countries out there that could provide a lot more assistance. Why aren't they doing it and why aren't we sort of engaging them in ways to encourage a bit more of that?

So I think this is where a strong transatlantic relationship can be the core

and reach out to others not in an exclusive way, but in an actually very inclusive way to draw in new resources, but we have to work better ourselves. I think the stronger those ties are, the more likely other rising powers are to join. And the weaker the ties are between us, the more likely other rising powers are to want to challenge the kinds of principles and rules-based order that we have built over the years. So this is not an exclusivist arrangement and I think its success is based on finding those areas of the EU, the untraditional areas, in which the United States and the EU could start to work together in a very practice way.

One last area that I think will surprise us maybe, it's not considered foreign policy, but I think will start to have some impact, and that is the charter of fundamental rights. Under the Lisbon Treaty, this charter, which was initiated with Mr. Amato's leadership under the -- with the Constitutional Convention and so on, has the force of law. And if you read that charter it not only includes a lot of the rights guaranteed to most Americans under the Constitution, but includes a whole new realm of positive social rights that are rule of law now, can be brought before the European Court of Justice. They include health, education, unrightful dismissal at work, a whole range of, you know, additional rights that have never been codified in such a way that will start to create legal precedent and is likely to slip over borders in terms of its outreach; back to this transformative sort of potential the EU has in an untraditional way. So it's not foreign policy, but it's going to have foreign policy implications at some point, also, I think, for Americans.

So that's my basic point that looking -- it's like that guy, you know, where he loses his keys, the drunk losing his keys, and he's looking under the lamppost, but they're over there. You know, why are you there? Where that's where the light is. We look at foreign policy in one area. I think it's better to look at these other areas and see those are probably going to affect the United States more I think where the opportunities are more readily available than simply wait for Mrs. Ashton and Mr. Van Rompuy to sort of get the acts

together, which is sort of what the debate seems to be about.

And the last point, just because we're in Washington, is the other element of Lisbon that's quite interesting is that the European Parliament really does now have some stepped-up powers. In fact, it becomes, in my view, the only real parliament in Europe that has powers in some areas approaching that of the U.S. Congress. And they have just opened an office here with eight people and are showing, if you read the debates on the Swift Agreement and things, they're showing their -- asserting their influence here.

And so a new legislative dimension to the EU foreign policy which wasn't there before, they have to approve treaties, international agreements; they have budgetary authority over a good deal of now what would be called foreign policy in many realms; they have oversight responsibilities in ways that other parliaments haven't exercised, and they will assert that. And that will have, again, implications for the United States. We think we deal with the EU only with the commission or even the council. We're also going to have to deal with this new body. And whether the Congress as well as the Executive Branches are really, you know, fully on board with understanding that, I think, is an open question.

Thank you.

MS. BINDI: I'm not completely convinced that a European Parliament office in Washington is going to help, but.

MR. HAMILTON: I didn't say it was going to help. I just said -- (Laughter)

MS. BINDI: (inaudible) some months ago, an under secretary -- under -- no, assistant secretary of state, which I won't name, went to see a foreign minister, which I also won't name, and asked what shall do for the transatlantic summit that you just mentioned? And the minister explained to him that it would take time before, you know, the diplomatic service would work, blah, blah, blah.

And then the guy went to see another top diplomat and the guy said you

know what? The minister said it's really important, but, trust me; we are the one who matters. (Laughter) So, you know, still a long way to go.

But, Andy.

MR. MORAVCSIK: Well, people often ask academics from outside the Beltway to come to events like this in the expectation that they'll say something really provocative. It's sort of like inviting journalists to events like this. And I'm hampered in doing that by my widespread agreement with what I've heard so far. So I'm going to try to push what we've heard so far a bit further. Because what you've heard so far is quite optimistic compared to a lot of the headlines that one reads about Europe being the doldrums and mediocrities being named to these positions. And I think the basic optimism you've heard from Giuliano and Dan is correct, and I would push that even further. I want to make three points which are quite optimistic about the trajectory that Europe is on now, although with some caveats.

The first is structurally, geopolitically Europe is the second superpower of the 21st century and it's going to be for almost all of the century. And this is true pretty much regardless of what the European Union does. It's much more powerful along almost any dimension today and for the foreseeable future than China or India or any other country in the world except the United States. And this is true just as a blunt fact of global power.

We can start with military power. Which is the region of the world, besides the United States, that can send 50- or 100,000 combat troops out to engage in trouble spots in the world? Let's remember even in Afghanistan, where we read headlines about how the Europeans are not involved, 40 percent of the troops involved, 40 percent of the casualties to date have been non-American, and 30 percent have been European. Twenty-one percent of the world's military spending is European compared to 5 percent for China, 3 percent for Russia, 2 percent for India, and 1.5 percent for Brazil. Pan-Asian military

spending, all of Asia taken together, even at current trends -- forget about all those catastrophes that might happen in China and everything; just extrapolate the current trend out -- all of Asia isn't going to spend as much as Europe on military spending until 2070. All right? That's how far ahead Europe and the United States are. We are the superpowers and that is why transatlantic relations matter. And we haven't even started to talk about the area where Europe is the dominant superpower, which is in civilian power.

We've already talked about enlargement, which is the most powerful tool that the European Union has and it's really a collective tool, that Europe can attract other countries to join this collective enterprise. And I'm more optimistic, I think, than Dan. I don't think enlargement is being called into question in Europe. I think the European leaders are being heroic in pursuing enlargement even in the face of single-digit public opinion support in many countries. In fact, Nicolas Sarkozy has done a brilliant job of saying one thing and doing another with regard to eliminating barriers to expansion. (Laughter)

European neighborhood policy -- Morocco, Ukraine, Moldova, Albania, Libya, Georgia, Israel, and Palestine -- none of these countries would be where they are today without European involvement. Europe is the strongest supporter of international law and institutions in the world. There's hardly a single major global initiative or organization, from the WTO to the ICC that is imaginable in its current form without Europe.

Europe is the world's largest trading partner; cite Dan Hamilton. Europeans have the euro. We can talk about Greece. My own personal view is they never should have been in it in the first place. (Laughter) And Europe has tremendous normative power. Poll people around the world, its European style human rights, European style social democracy, European parliamentary government that most people who write constitutions in the world want to have, not American style democracy.

Structurally, Europeans are very well placed to maintain these power

resources for the next two or three generations. They have high per capita income, which is what you need to project power worldwide, not high aggregate income. China's a big country, but most people in China are poor, which means they don't have the resources to project power all over the world. High per capita income.

They have a stable, friendly relationship with the other great superpower in the world, the United States. And they have no immediate enemies in their region. They are sitting pretty. That's the first point.

The second point is that there's a widespread view that whether or not Europe can project this power depends critically on whether Europe is unified, that is whether Europe can speak with one voice. Now, this is sometimes true. It helps in trade policy that Europe is unified, the single currency, enlargement. But in many areas it's not really crucial that Europe be unified in order to project power. There are many areas in which coalitions of the willing, of like-minded states are effective at projecting power globally. Think about European military operations throughout the world, of which there are several dozen. These are areas in which Europe is has been able to be active simply finding groups of like-minded states that want to be involved in various areas. Or think about issues on which the European Union has waffled, like the recognition of Kosovo, but somehow come to a decision that's good enough to get things done.

In fact, the recent constitutional reform which many people view as a disappointment in foreign policy is very much in keeping with the strategy that the EU has pursued for the past generation even in its core. Right? What's happened in constitutional history in the EU over the past generation? It's not been what federalists expected to see back in the 1950s, which was a strengthening of the central federal institutions of the EU, the commission dictating to member states what they were going to do, a centralized presidential sort of figure.

Instead what's happened over the last 25 years is that the commission, the centralized authority in the EU, has been, in most areas -- let's forget about competition policy and a few other areas for the moment -- has been gutted. And power has split between, on the one hand, the parliament and, most importantly, power has gone back to the member states acting collectively in the Council of Ministers and the European Council. Over the past 20 years, the heads of state in government acting in the European Council and the Council of Ministers has emerged as the dominant institution in the European Union. And what's gone on in foreign policy is completely consistent with that.

Baroness Ashton's position is essentially, broadly speaking, a takeover by the member states of traditional commission prerogatives in foreign policy. It's presented as a melding of commission prerogatives and council prerogatives, member state actions like diplomacy and traditional EU actions like funding and trade. But, in fact, it's the member states clawing back power, like control over the EU delegation here in Washington, like control over funding; clawing back policy power back into the hands of member states.

In a sense, that decentralizes the EU, but it's going to make it more effective because what we need is not centralization, but coordination, coordination of like-minded states. Because in the modern world you don't need to be centralized. You need to be coordinated to find that coalition of the willing that can move forward. So that's the second point.

The third point then is how do we judge how well the current reforms and specifics are going to do? Where do we look for possible areas of success and failure given this vision of a kind of decentralized, pragmatic, coordinated EU moving forward?

Now, here I agree very much with Dan Hamilton's view that we should look for it in these areas of particular EU strength: more civilian power or soft military or police functions. So justice in home affairs, development seem like areas where the member

states are clawing back power from the commission or creating new prerogatives. These are areas where we should see new EU activities.

And we shouldn't function so much on who's -- focus so much on who's in charge. A well-designed institution is an institution that functions well no matter who's in charge, and the EU is exactly that kind of institution. You often need EU leaders and they seem kind of gray. They're not often elected politicians in the kind of flashy U.S. sense of the word with all the advantages and disadvantages of that. Right? But the institution moves incrementally toward sensible solutions.

So we're seeing the increase in power of the council. And Cathy Ashton is moving toward control over those coordinating functions that are essential. What are they? Chairing the meetings of foreign ministers, chairing the meetings of defense ministers, controlling coordination of development assistance.

Who's going to be worried about this? The European Parliament. So we should see what we've seen emerging in the civilian activities of the European Union: increased conflict between the council and the parliament, leaving the commission out, over a policy. And that's exactly what we are seeing. We're seeing the parliament start to say these here foreign policy activities, they're sort of undemocratic. We would like to have more control over the budget. We'd like to assert more oversight here. That's the kind of political conflict we're starting to see.

We're starting to see small states say wait a minute, the large states seem to be in a position here to assert more control over foreign policy. In my view, that's a good thing because it means things will get done, but small states are somewhat concerned about that.

Probably we're going to see foreign ministers losing out to heads of state because the more -- the stronger the foreign policy apparatus becomes and the closer it

becomes linked to the European Council where the heads of state and government meet, the more control they're going to have vis-à-vis their own foreign ministers. And we're going to see increased power for this European diplomatic corps, which is going to be, by current plans, one-third people seconded from the members states. Again, a movement of member state control into what were traditionally EU bureaucratic activities. This is going to be a slow moving, incremental process, the way it always is in the EU, and then we're going to wake up 10 years from now and we're going to see the kind of changes that Dan Hamilton was talking about.

I think then that as is always the case in Europe, the EU's spin is a lot worse than the reality. The EU desperately needs a new narrative. It needs a story about itself that's not a story about centralization, it's not a story about federalism in the 1950s sense, it's not a story about centralizing authority in an independent body in Brussels, but is instead a story about how these institutions can help member states help themselves. And if it had that kind of story, it would do much better to reassure voters in Europe and also to get things done.

Jeremy Shapiro wrote an interesting pamphlet recently arguing that the EU does a lot and often doesn't get credit for it. Part of the reason is that the Europeans are always talking themselves down because they're looking for that magic institutional solution. So I definitely see the glass as half full here, and I think as the years go by we're going to definitely see it is so.

AMBASSADOR VIMONT: I'll be very short, and, first of all, I would like to apologize for being late. And I will only add a couple of personal observations I think to what has been said already and which is very interesting. Maybe I'll play the part of the one who is cautiously optimistic contrary to my predecessor with whom I had the great pleasure of sharing the same forum a few times.

I would be cautiously optimistic for the following reason. I think there is some room for optimism, I totally agree with that. And I could see the glass that is half filled -- half full without any problem. Because if you look, and I think you always have to look at the whole European process with a bit of a sense of history and look at what we have done now for many years. And if you look with this sense of history at what we have been doing since 1957, then there is certainly room for optimism because of the great tremendous success in terms of peace and prosperity that we have been through and that is still working rather well if you only look at the whole enlargement process, even if as I understand Dan may have been saying, have shown some caution about the enlargement process, the fact that it is still going ahead. I wouldn't totally agree with what has been said about President Sarkozy's position there. I think he's very adamant on what he's saying, but I still think that the enlargement process, I would agree with that, is moving ahead and is playing a major role in forcing countries to work together and forcing countries who still have a problem of economic development to do the necessary, to adopt the necessary provision, the necessary legislation to go ahead. In that sense, the European process is very useful and you only have to look at all the countries that have been through that process and the extraordinary economic performance that we are seeing in many of those countries to see that this has been working very well.

Where I would be a little bit more cautious maybe is that if you look at where we are today, we are going through a period where we are the victim, to a certain extent, of our maturity and of our success. The enlargement process with 27 countries around the table at the moment brings about a whole major problem of, how could I put it, daily management of our affairs. When you have meetings taken at the level of the ambassadors, the permanent representatives, the ministers, or even the heads of states, a meeting with 27 countries around the table, this is becoming really a major problem that

we're facing every day. And as it is going on, we have to find new ways of being able to work together. Whatever one may say and whatever the needs may be to show as much unity among ourselves, the truth is that there is more and more pressure to find new ways of working together, bringing in more flexibility in the institutional framework. And whatever we may say about the equality between the countries and the fact that each one of our countries, of our member states, has equal rights to the others, you're seeing more and more small groups appearing here and there that are trying to prepare the decisions that have to be taken afterwards at the level of the 27 countries, and you're going to face more and more of this search for improvement in the way we manage our system. And I think on this, whatever one may say, this is something that is there to stay for some time and that we will have to look at more and more. Because this is not going through formal treaties and formal agreements. This is going through everyday practice and a lot of pragmatism, in fact. And at the end of the day, some countries could be and some member states could be uneasy, find themselves uneasy, with some of the results of those meetings.

Just look, for instance, and let's be candid about it, in the recent meetings that have taken place at the level of heads of state in government, the last two European Councils chaired by President Van Rompuy on the whole issue about Greece, for instance, and the whole issue of the present financial instability. It is one or two countries, maybe a few more, that have been working together to come out with some proposals that will put afterwards to all the others, but the truth is that we have done it on an ad hoc basis that was not really discussed beforehand. And I'm very honest in saying so because France was one of the countries that was active here -- so I know a little bit about that one. But you can detect easily among some of our partners some uneasiness about the way we have been dealing with those issues, which are major issues.

Precisely as I was mentioning the euro, let me also say that maybe a

second issue there with the whole economic and financial coordination is that the success of the euro has brought also its shortcomings, as we're seeing at the moment. And that some of the major debates we had at the time when we set up the euro in the Maastricht Treaty, and we left some of those debates on the side because we couldn't agree exactly on what we wanted to do -- increased coordination of our economic policies; precisely how do we deal with a difficult situation; do we set up some bailout schemes or something of that sort -- all those questions that we left aside have come back with revenge. And there they are at the moment and we're going to have, one or another, to look at them. This is one of the decisions taken by the last European Council, but it is there and we will have to deal with it in a reasonable and realistic way.

And I think maybe the third note of caution that I would bring in is that it is a problem that we have created ourselves to some extent. We, all of us, the 27 collectively, have made so much out of this Lisbon Treaty that we have raised so many expectations with regard to the Lisbon Treaty that now that it is there and that we're facing I would say naturally some of the problems that we have to deal with, there is a sort of revenge there, also, a sort of boomerang effect that is taking place, if only because we appointed two very interesting personalities, I think. And I would agree with you. I think Mr. Van Rompuy and Lady Ashton are perfectly fir for the job. But as everybody was expecting some of our former political leaders -- the name of Tony Blair came in, et cetera -- it was that those decisions were looked at as some sort of personal and self-inflicted wounds by the Europeans themselves. And I think anybody who has dealt with European affairs for the last 15 or 20 years knew perfectly well that as soon as the Lisbon Treaty was ratified, that we were going to face those problems; that the nomination would not be the ones everybody was talking about in the press and the media.

We would have been -- made a better business about this if we had, as

soon as possible, informed the people, gave maybe as you were saying the right narrative about all this, rather than leaving the room for all those rumors and all those forecasts that came here and there. And now we have to come back and fight back on all this and explain that like in every other business the Europeans have been dealing with, this takes time. This is a long process. This is a difficult process. Because to make it acceptable for today 27 member states and tomorrow more, to make it acceptable to each one of them to transfer some of their sovereignty, too, at the level of Brussels is something that doesn't go easily.

Can I add another point, which is one of my pet observations that I would like to share with you? Europe has, so far, been dealing with the easiest part of its unification or its union, let's put it that way. Dealing with agriculture, fisheries, whatever it is has already been quite difficult, but it was the easy part to create. The single European act, the create the single market afterwards was more or less something that you could deal with because it's very practical. It's a problem of conflict of interests, but, in the end, we know how to deal with that.

Going now to the other issues on which we want to create a union -- foreign policy, justice, immigration, police cooperation, the fight against terrorism -- there you go at the heart of some of our sovereignty and some of the fields that are very closely linked to our sovereignty and to our independence, to put it that way. And when you have to deal with that every day in Brussels, when you have to deal with the difference of inside, for instance, criminal law and our civilian codes or whatever it is, you're facing a major difficult issue there that was never looked at very closely.

But the whole thing is that we have done all this European Union in the wrong way. We started once again by issues that could have been, to a large extent, left to the different member states if we had wished to do so. After all, if we look at your country, which is typically a federal country, taxation remains mostly at the local level, at each one of

your states. Whereas in Europe we have decided to have it totally centralized at the level of Brussels, at least for everything that has to do with indirect taxation. Just think, for instance, that we still have unanimity on that issue. And if we want to change our VAT rate, the value added tax, the rate of a value added tax; we need to have the consent of all 26 other member states that work with us, which it is a terrible problem.

So we have started by that and we're only coming today to what could have been, in fact, at the beginning the true European Union and the true disciplines and fields on which we could have worked together: police, defense, foreign policy. On these ones we have waited until now and this is why it is so difficult today to go through that process today. Because, to a large extent, we are just today trying to change the boat, the direction of the very huge boat, the very huge ship we have launched in 1957, 1958. So this is why I would remain somewhat cautious, as we say, that we're going to have major successes in the near future.

Why do I remain optimistic, anyway? I think it is because there is a strong assessment among European members, a very strong awareness among the 27 member states that we're going through a moment of real urgency to work all together and also to work inside the transatlantic relationship with the United States. What has been said, the figures that have been given a few minutes ago, are very true about the fact that both America and Europe still represent a major force in today's world: a major economic force; a major military force; a major cultural force; also an intellectual force to a large extent. But if you go from today up to 20 or 30 years from now, then the picture could be quite different. Looking at the way countries like China, India, Brazil, and some others are growing at the moment in terms of populations, in terms of wealth, prosperity, GDP, you discover that America plus Europe will not represent what they do represent today. Today we represent nearly half of the world wealth, half of the world GDP. It will only be one-third in 20 or 30

years from now. We represent one-sixth of the population. We will only represent one-ninth of the population in a few years from now.

And so if we don't seize the opportunity today where we still represent a major force in the world to try to push forward and push forward our interests and our ideas, our values and the convictions, the principles that we all share, then we're losing this opportunity and it will not come back. And, therefore, I think this idea is very much embedded in the mind of all the Europeans today.

One of the fears, you have noticed maybe already this watching the news or listening or reading the European papers, is that we fear that at the moment on this side of the Atlantic the present administration doesn't have -- feel the same urgency of working with the Europeans. And, therefore, we have to convince Washington and the present -- the current administration that there is really room for useful work together on many issues.

Why do we think that time is ripe precisely for an improved transatlantic partnership? I think it also has to do with the kind of global world we're facing today and this famous multi-polarity that we're seeing more and more, and which best symbol, I think, today is maybe the G-20 meetings that are now developing and evolving as they're going ahead. Inside these G-20 meetings more and more our new partners that have joined the G-7/G-8 meetings, the G-7/G-8 summits, those new partners -- the emerging country -- don't take it for granted that all those European nations that are still at the table today should remain there for the future. And, therefore, we have to take into account this whole problem of the kind of format we're having in the G-20 meetings: work very closely with our American partner and show to our other emerging partners that Europe and America have something interesting to say in those meetings and are still -- and can still play a leading role on issues such as financial regulation, climate change, immigration, development assistance, and so forth and so on.

This is a tremendous challenge for the Europeans, to put it bluntly, because we have -- may have had the habit in the recent years to just let those international meetings going ahead without putting a lot of European input into those meetings, and we have to do it now. Copenhagen was a very interesting example of that.

The reaction after the Copenhagen Summit on climate change in this country was that this should be seen as some sort of qualified success. In Europe, this was seen as an unmitigated disaster. And that tells you a lot about the way the Europeans have got the impression that in Copenhagen there was very much left on the side, marginalized. And I think it is up to us, up to the Europeans, to be much more present in this international gatherings and to be able to play their part and to do it in close conjunction and close cooperation with our American partners.

I would end with a last observation, one that would want to remain on the optimistic side, but still. It is that we've been talking quite too much for the recent years -- and I think this may explain our problem of narrative that was just mentioned a few minutes ago -- we have been annoying everybody with our institutional problems for so many years. In fact, if you look back at our history, European history, since we started launching the whole process of institutional negotiations since 1986, time and again we have come back to try to improve our institutional framework, to try to put the dots and the smallest details here and there on our institutional project. I think time is over now for that. I'm not sure that we will ever be able to have another important treaty on institutional matters after the difficulties we have seen with the Maastricht Treaty, with the different treaties, and now, of course, with the Constitutional Treaty that we tried to improve, and now with the Lisbon Treaty that took so much time to be ratified.

I think coming back to what I was saying at the beginning, we should leave this on the side and not try once again to do any more reform about that. Let's work with the

institutional framework we have. Let's try to be as realistic and reasonable as possible, and to try to make the change in a very pragmatic way, as I was saying at the beginning. I think this is the way we may proceed and maybe we will make the best out of our institutions as they are at the moment.

We've seen a tremendous progress, for instance, with the European Parliament. I think it's for the better. Even from time to time being on the other side, we find it a bit difficult. Just think about the recent Swift issue where the European Parliament rejected the agreement we had made with our American partners. But there it is. We have to work with the European Parliament. I think it is a good thing for the European democracy to have this very active European Parliament. And mind you, it gives us a very good argument when our American friends come and tell us that they have difficulty with the Congress, the American Congress. We are able to say that we have our own parliament on our side.

I'll stop there. I've been quite too long. I thank you very much for listening to me. (Applause)

MS. BINDI: Thank you very much. We have -- now, when you mentioned your treaty I was thinking about Professor Amato would be ready to lead the new convention and decide whether it should be a girl or -- a male or a female this time. (Laughter)

MR. AMATO: The treaty's there. It depends on how it's used really. Expectations of magic transformations after the treaty are absolutely naïve. They wanted a telephone line. They got it.

MS. BINDI: There are three of them now. (Laughter)

MR. AMATO: We gave them a telephone line. But the fact is that they are so enthusiastic of having it, they crowd around the telephone line and all of them want to respond if somebody calls from here. This is not a problem of telecom. It's another kind of

problem.

Now, I don't expect there will be further, let's say, negotiations for new constitutional changes in Europe in the foreseeable future, and it wouldn't make great sense. Now what the Union has to do is to make the best possible use of the new tools they have been given. After all, in foreign policy it is possible for Lady Ashton to create that kind of coordinated effort that was needed and was impossible before. Now she's going to have -- and let us hope it will be creative -- the single diplomatic service. I rely enormously on it because, you see, a difficulty that we have had in Europe since the beginning has been that there is no geopolitical vision linked to Europe. You have always had the vision of France, the vision of Germany, the vision of the U.K., perhaps the vision of Italy and of Spain, each of them linked to this part of the world more than to that other one. But necessarily because geopolitical visions are the product of our diplomatic services, they serve their own countries. There is no reason for a French diplomat not to have a view that has France as the first sort of attention, and the same is true for Germany, the same is true for the U.K. Now this single diplomatic service will be the first experience of people, of a staff, having the mission of identifying the best interests of Europe in several areas of the world in connection with the interests of the partners. If they can't do it, I cannot write another treaty forcing them to do it because it's an impossible kind of mission.

MS. BINDI: I would -- I guess I will take three questions. And because we have time limits, as we say, keep it short and with a question mark at the end.

Okay. I'll take one, two, and then the lady over there.

MS. DONFREID: Hi. I'm Karen Donfreid from the German Marshall Fund, and I'm just back from a conference we had in Brussels. And one of the most arresting comments was made by Pascal Lamy, who said that the European Union does not need to speak with a single voice; it needs to speak with a single mouth. And I wondered if you

could comment.

Thank you.

MS. BINDI: Shall we take a few questions together than -- Ivan?

MR. BUTINA: Ivan Butina from the Global Communicators, a public relations firm in Washington, D.C. I have two brief questions.

One is if you had to target America (inaudible) for a transatlantic partnership, how important is targeting the administration, the public, American citizens, academia, and the businesses? Are they all equal or there's priorities (phonetic)?

And second thing, will Belgium presidency help in giving more importance to foreign policy (phonetic)? Since I think Belgium is a very friendly country to the EU and certainly the Belgium prime minister will take a step back and let foreign policy (phonetic) play his role.

Thank you.

MS. BINDI: Sir?

MR. BLEDOWSKI: Kris Bledowski from Manufacturers Alliance.

I'd like to follow-up on Prime Minister Amato's very intriguing proposition or suggestion that if the EU has a future role in foreign policy as a unified voice, it would have to be more or less hand-in-glove with the U.S. as opposed to stand alone. As someone who follows the public debate in Europe, I think that I detect a slightly different sentiment in Europe.

The average European looks at the United States with a certain apprehension. With whatever comes from the United States -- whether it's the shareholder value over management rights, whether it's the individualism and hands-off government kind of sentiment, whether it's the financial system regulation and the way the financial system operates, (inaudible) toward immigration and so on -- it seems to me that the average

European may not necessarily be so in love or so much enamored of the proposition that you have just made. Could you comment on it?

MS. BINDI: Shall we take a couple more questions and then we close? Sir?

MR. WEINTRAUB: Yes. I'm Leon Weintraub, University of Wisconsin.

Based on what I heard from some of the speakers, it seems like we might see developing a bifurcated system of European diplomacy where certain areas that the ambassador mentioned, such as foreign policy, defense, police, and justice, might be reserved to the national diplomatic services and other areas, such as how much foreign aid do we give to a country like Namibia, might be the policy of the European diplomatic services, things that don't strike at the heart of sovereignty. I'm wondering if you see that as a realistic option.

MS. BINDI: Do you have a question? Okay, the last one.

MR. ANASKEW: Goti Anaskew (phonetic), Voice of America Macedonian Service.

Looking into Western Balkans, there is European Union (inaudible) on some job into stabilize the region. But probably the foreign policy have -- what does -- what will be our next challenges for European foreign policy in the policy?

MS. BINDI: Okay. Who wants to start answering? (Laughter)

MR. HAMILTON: Well, I'll take a crack at one.

MS. BINDI: Okay, good.

MR. MORAVCSIK: Okay. Well, I'd like to take a crack at Karen Donfreid's -- well, Pascal Lamy's question via Karen Donfreid.

So I think Pascal Lamy's a really smart guy, one of the smartest people I've met who's served in Europe, so I take it very seriously. But I have to say that saying that

Europe doesn't need to speak with one voice, but with one mouth is one of these things that strikes me as more French than European in two sense, of course, because it's French. (Laughter) One is that it's an extremely clever play on words. And secondly, that a Frenchman would like to see a political organization speak with one voice and have a coherent point of view. But most people in most countries and particularly in the modern world actually don't see politics that way. They see politics as more pluralist. They see competing points of view. And I think, increasingly, that's the way the world works. The world is a world of networks. The world is one in which there are different people involved at different levels in resolving different issues. And if you don't see the resolution of international problems as bringing those people together and hashing out complicated, imperfect solutions to problems, then you're not going to get to the solution of the problems.

So I think saying that the institutional solution in Europe is going to be one mouth and then let that person speak, I don't know what, six languages and give six messages, I think that's kind of wacky when you think about it actually. And instead, I think the Europeans are -- I mean, and I'm not sort of a post-modernist or, you know, wacky professor from someplace, you know, but I do think there is something actually quite appropriate to modern times about the fact that the Europeans have different people with different messages expressing themselves as opposed to the United States where we purportedly have one message, but then half the time we can't deliver it because, you know, inside the United States we have a whole lot of people who can't agree.

So I think that, in fact, you know, America -- I understand that in the American government it's extremely frustrating for people to have to go over to Europe and not know who the president is, but that's the modern world where we're dealing with institutions that are larger than the nation state that are dealing with quite diverse constituencies. And people are going to have to deal with political organizations that aren't

constituted the way 19th century nation states were. And if you can't cope with that, you know, play some other game.

MS. BINDI: Who wants to go? Professor Amato? Dan?

MR. AMATO: Dan?

MR. HAMILTON: Well, there was one question I think was directed here. I think you meant in the PR sense, like how do you promote Europe to Americans? Who do you target?

MR. AMATO: Yeah, this was a good question.

MR. HAMILTON: That's what I understood. I mean, I think, again, the administration is who you deal with all the time, but the Congress is often where the problems come from in terms if you look at the United States-EU relationship. And the level of knowledge in the Congress, frankly, about the EU is dismal. Yes, I'll let someone else sort of say it, but -- (Laughter) -- which I think members of Congress also acknowledge. So certainly more focus on engaging members of Congress on what the EU is about is really quite critical. I think our Center does that and a lot of -- there are a lot of efforts out there. And, in fact, there are members of Congress that understand this and they're trying to engage. But, you know, the very nature of the Congress makes it difficult.

And that was my point about now you have not only the Congress, but now you have the European Parliament playing as a new player here. And the links between them are very minimal. So there has to be much greater attention to how you include legislators in this relationship.

I think given the nature of our economy, the fact that most of our frictions are not trade barriers, but simply different regulatory and other kinds of societal choices that we make, regulators as well as legislators are the two groups that have to be just brought much more into the relationship to understand when we make a regulatory decision here

that we think is domestic, it has huge implications, usually first in Europe because we're so deeply integrated. And the same in Europe; decisions that are ostensibly about, you know, how you're organizing some domestic issue in Europe, immediately ripple back to the United States more than any other place in the world because we are more deeply related.

So I think those two groups are quite important to bring in and I don't think we've quite done that.

I think on Kristof's (phonetic) point, I think, you know, obviously there are many strains in Europe, but the people don't necessarily want to be Americans. But I don't think that's the point. Europe doesn't have to be America to want to have a strong partnership with America. I think the question is as the EU evolves and this question of identity, you know, it's back to this basic point whether the EU Europeans are trying to build is intended to America's counterpart or its counterweight. Many people tell me stop, you know, that debate is over. I'm not so sure and I think your sort of views probably echo that.

And I think that's the question of, you know, what type of EU is being built here? Is it one that is seen in some sort of relationship and partnership with the United States? That would be an EU that Americans, of course, will want to support. If it's seen in a different way, however, of course, there will be other implications.

The last point was on the Balkans. I think in terms of next (inaudible). Here is a question, again, back trying to relate it to our theme of the EU foreign policy. Here is, again, an area despite great progress where there's still -- it's not that there's, you know, a U.S. view on this and European view. There's not a European view on Kosovo, for instance. Just like there's not a European view on what to do with Russia. I think these are areas in which there is not a European consensus. And so it's not a transatlantic debate really, it's actually European debate and Americans are sort of part of it. But there's not a European view versus a U.S. view.

I think we have a general approach we have to extend stability to the entire region of Southeastern Europe and there are some serious issues going on in Bosnia right now that are not being resolved. They're spilling over into Serbia. They deal fundamentally with the future of Kosovo. And I think history has shown us if we ignore those types of tinderboxes, we always end up paying a higher price later. So we should maybe pay a bit more attention to it than we're doing right now because I do see many concerns there at the moment.

MS. BINDI: Professor Amato, you might want to say something on the Balkans (inaudible)?

MR. AMATO: No, the Balkans, of course, we have this problem of Kosovo, which does not depend on different, let's say, assessments of Kosovo as such. But it mostly depends on Spain that has an internal problem which does not allow that country to be open to the independence of a province because this is substantially how they see it. But independently of it, there is a widespread concerns in Europe that for the future this is a solution that nobody will change.

The case of Macedonia is interesting because Macedonia is a country that is doing well, that is solving his main issue that is substantially ridiculous, that is the issue of the name that is not accepted by Greece; the issue that was complicated somehow by Macedonia itself when they wanted their airport to be named after Alexander the Great. And if there is somebody that in Greece is a national hero, this is Alexander the Great.

I remember Akolic Vowers (phonetic), a university professor, so not one of those fans, that when I said to him don't you find it ridiculous for a country like Greece with the tradition of Greece to take this problem of the name -- all of us called them -- call it Macedonia. When there is a Greek diplomat we feel forced to say the former Yugoslav Republic of Macedonia, but just because of a Greek presence. Otherwise, it's universally

known as Macedonia.

His answer was yes, it might be acceptable, but they have to leave Alexander to us. (Laughter)

So I felt at that point powerless. There is nothing I can do because -- so, but beyond this business, Macedonia is very close to the standards of accession. Don't forget that the process of visa liberalization that has gone further than other processes, that allows now for short stays people from Macedonia, Serbia, Montenegro to freely come to Western Europe, this is already something that goes beyond the requirements of visa and implies already a piece of the key for accession. So I'm very confident that things will decide eventually. It will be impossible for the existing member states to reject Macedonia and possibly Serbia and Montenegro. Bosnia is a special problem, I must say, because they themselves are not using well their time.

If I may add a word on your point, we always had these kind of disputes, but these disputes are inside the same cultural framework. It is how we intend free initiative. It is how we intend the relationship between democracy and market. It is how we intend individual responsibility. But the basic notions are the same and, quite predictably, there are some differences in interpreting them. But if you compare these differences that are inside the same cultural paradigms with the differences that exist between us, the U.S. and the Europeans and others, you realize that this is something that creates a link between us that does not exist with the others.

Finally, let me say I wasn't taken seriously because I was apparently joking on the aging Europe. In my view, it is a problem. If you think of the fact that Europe, which, as Andy said, is one of the superpowers of this century -- it does have military power, it does have economic power, civil power, whatever -- has a pessimistic view of the future that is not shared in any other part of the world. If you ask the Europeans how do they see their future,

they will tell you they are pessimistic, no growth, all of these foreigners arriving. So, I mean, and this is because it's an aging society. It's the pessimism that is typical of the age. So we need an injection of youth in Europe if we want to see the future as something ours, something for which we can do what we have the force to do.

MS. BINDI: It shows you are a grandfather to, what, five children.

MR. AMATO: Yeah.

MS. BINDI: And -- but, you know, either you cry or you laugh about it.

MR. AMATO: I mean, my family has done what it could do. (Laughter)

MS. BINDI: Your daughter.

MR. AMATO: Five grandchildren.

MS. BINDI: Your daughter.

MR. AMATO: That's enough. My daughter.

MS. BINDI: There was one question on the European (inaudible) service and I might ask Ambassador Vimont to add that. And then I would ask one minute comment to each of you in inverted order to finish.

AMBASSADOR VIMONT: Just maybe would like to add a comment to what Prime Minister Amato was saying. It happens that I think among all the European countries, according to the opinion poll, France is the country with the most pessimistic vision of the future. And at the same time, it's the country where you have the highest birth rate at the moment. So there's a bit of a contradiction there and we're trying to live with it in the best way possible. (Laughter)

Just on what -- the question that was asked about are we moving to a situation where we're going to have a great separation between issues that will be dealt with mostly by nations and member states and ones that will be dealt with in Brussels, the truth is that was and that still is the present situation mostly. And this is precisely what we hope will

change is that there will be a more mixed competence with nowadays less unanimity and a sort of equal process with regard to legislation and to decision-making and decision-taking; a sort of single process now that will go with all the different matters that we have to deal with. So let's hope it's going to work that way.

And the European service for foreign action is typically external action, is typically the kind of new institution that we're going to try to push forward in order to do that precisely to be able to have this sort of common vision from the different institutions, a sort of common vision as long as this is related with the external dimension of our community actions. So let's hope it will go that way, but this is definitely what we would like to do.

So if -- to answer your question, we're trying to move away from our bad habits at the moment to go to a bright future.

Could I add one point with the question that was asked about the Balkans? I think you must not -- I totally agree with Dan, who says that maybe we should pay more attention to what's happening at the moment. But never underestimate, as I was saying at the beginning, never underestimate the strength of the enlargement process. And many of those countries are going to -- are already into that enlargement process or are going to start the enlargement process in the near future.

And the enlargement process is really very much as a straitjacket that finds solution not only for the economy problem, but also for the political problem. Just remember a few years ago the difficulties that we had, for instance, between Hungary and Romania or that we recently have between Slovenia and Croatia. The enlargement process for each of those issues has managed to find a way through in a very pragmatic and practical way, but it has worked out. And you have to watch very closely the way this enlargement process is going to work in that area of Europe.

Thank you.

MS. BINDI: Okay. Now we have one minute remark. I will do it in inverted order, and then we close. One last thing you want to say.

AMBASSADOR VIMONT: Good luck to all of us. (Laughter) That's all.

MS. BINDI: Andy?

MR. MORAVCSIK: Quick on demographics, I think the demographic pessimism's overdone, in part because, as I said before, I think power is a function of per capita income, not aggregate GNP and population, so it doesn't matter anyway. But more importantly, I think Europeans can do something about demographics.

There's going to be employment opportunities because of -- because people are getting older in Europe. Europeans could reform the role of women in the workplace and opportunities for women which would create -- eliminate the dilemma which a lot of women feel between work and family in Europe. And they could do a lot more to encourage people, which is what France does, which is why even though the French are pessimistic, French women have kids.

So there's a lot to be done in Europe. And actually this is a problem for which there are public policy solutions. If you don't believe me, read Steven Hill's new book.

MS. BINDI: Dan?

MR. HAMILTON: Well, just on that, because I think that is a critical issue if you look to the future. I think it's not as much the demographics as also European openness to migration and what type of migration. If you -- these are European Commission, now, statistics. If you compare the United States and Europe in this regard, the pool of sort of migrant labor out there -- if I get this right now and I think I have it right -- about 55 percent of the unskilled labor go to Europe of the pool out there in the world and about 5 percent come to the United States. And about 85 percent of the skilled labor come to the United States and only 5 percent come to Europe.

And so if you have a shrinking population, an aging population, even if the demographics might change, the innovation economy, the high-skilled economy, becomes really quite critical to Europe's future. And that means having not only injection of youth, but injection of high-skilled migrants. And so it demands really a fundamental rethink of how Europe approaches people who want to come to Europe and be part of it. And I think that's going to be a critical challenge if Europe's maintained the productivity in the kind of economy it wants to have in the kind of world we're facing.

MS. BINDI: Professor Amato?

MR. AMATO: Well, now my last word is just thanking Federiga because she has edited and more than edited the book that has allowed us this lively discussion. Thank you, Federiga.

MS. BINDI: Thank you, everybody, for coming. Thank you, Sebastian and Heinrich Boll Foundation for supporting this series.

I was happy that everybody mentioned enlargements since the new book coming out is on enlargement and the question of the frontiers of Europe. You are convened one year from here -- from now to discuss that.

Thank you very much, everybody. (Applause)

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