

sustaining europe:
a common cause for the European Union
in the new century

Ian Christie

DEMOS

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acknowledgements

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executive summary

The European Union urgently needs a revitalised mission that will help it meet the challenges of the new century. It needs an optimistic yet achievable vision, a 'big idea' to sustain the Union.

The EU has become a victim of its own spectacular success in promoting peace, stability and prosperity. The achievements in economic co-operation have led to an inward-looking, technocratic Union, more concerned with means than ends. The EU's preoccupation with economic and monetary union and the single market prevent it from facing up to the big challenges of the new century. It is insufficiently democratic, out of touch with public concerns and grudging in its approach to the new democracies to the East. It persists in a model of economic growth that is environmentally damaging.

There are many competing 'visions' for Europe, based on ideas of further economic integration, enlargement or federalism. But none gives the Union what it needs. We argue that a vision must pass several tests if it is to be workable. It must be able to command consensus, inspire people, deliver real gains in quality of life for citizens, and anticipate the big challenges of the next century. It must give Europe solutions to its social and environmental 'deficits', as well as providing a rationale for the Union on the world stage. And it

must be about issues which can only be tackled by a supra-national network such as the EU. The 'visions' of economic integration, enlargement and federalism do not pass this test. They are all about means rather than ends. They say nothing about the goals of the European project.

The pamphlet makes the case for sustainable development as a renewed vision for the Union. The goal should be Europe as a pioneer, improving quality of life for all while reducing impacts on the environment. Globalisation and mounting environmental threats provide the imperative for this goal. But the key virtue of sustainable development is that in responding to these challenges, it provides a coherent response to the Union's other difficulties. Through sustainable development, we can tackle the democratic deficit, work toward social inclusion and unemployment, and define the role of the EU on the international stage.

This vision, though idealistic, is achievable. We have wealth, technological capabilities and scientific knowledge. There is an increasing consensus among states and international institutions that neo-liberal policy prescriptions are inadequate. Support for a new politics of 'quality of life' is emerging. This vision can be the basis for a common cause that transcends the abiding political faultlines in the Union.

What do we need to do to act on this mission? The EU needs a Sustainable Development Strategy, setting out both the guiding vision and the steps to putting it into practice. The Strategy must be led from the top of the Commission. It would set out a programme to promote new industrial innovation, more jobs, more learning between sectors and countries, more public involvement in debate and decision-making, and a clear role for the EU in leading international action on sustainable development.

We put forward a range of proposals on the content of a Sustainable Development Strategy for Europe, including:

- radical reform of spending programmes to eliminate perverse subsidies and redirect funding to support sustainable technologies, less intensive farming, and investment in labour-intensive 'green collar jobs';
- new taxes on energy and pollution, with revenues recycled to support sustainable enterprises, new technologies and investments to benefit vulnerable citizens and regions;
- new programmes to help applicant states and developing countries modernise sustainably;
- a network of Sustainable Future Centres to promote learning and exchanges of best practice, and to bring investment to Europe's most deprived and environmentally damaged places;
- leadership by the EU on cutting carbon dioxide emissions and pressing for similar commitment from the USA.

The Union has achieved the seemingly impossible task of overcoming Europe's legacy of endemic warfare and promoting co-operation between states. Over the next 50 years it must accomplish what seems now to be an equally unlikely feat, sustaining Europe's peace and prosperity in the face of global environmental challenges. It must overcome its legacy of waging war on the environment, and demonstrate to the world the potential for states, communities and companies to collaborate in the immense and complex, but achievable, task of moving to democratic sustainable development.

introduction:

the state of the union and the challenge of sustainability

The state of the Union

The European Union is one of the greatest political and economic success stories of the 20th century. But it now suffers from a crisis of identity and confidence which stems from the nature of its success in securing peace and plenty. Europe lacks a vision which links the disparate elements on its stage in a story about progress. We can celebrate, nearly 50 years after the Treaty of Rome, the freedom of most of Europe from war, repression and want. But we do not know what greater common causes we are serving as we push for EMU, deeper integration and a wider Union.

The EU has met the key demands of the last half century - peace, prosperity and freedom. Its next half century must be about the politics of quality of life. This means not only sustaining these achievements and promoting them worldwide, but overcoming the threats now posed by our patterns of production, consumption and policy-making to long term economic and social well-being and to the natural environment. This demands nothing

less than a new form of industrialism and a revolution in policy in Europe: if it is accomplished, Europe will gain immeasurably in quality of life and long term security. The tools for achieving this are largely available. What we lack is the political will and energy to use them. Seizing this challenge is the 21st century mission for the European Union.

The idea of sustainability

This pamphlet makes the case that the fundamental aim of the EU should be to bring us closer to the ideal of sustainable development. This means economic development for long-term well-being which safeguards the essential 'services' provided by the natural environment; it must involve policies which make a fairer distribution of resources within societies and across the globe. It is a process fostered by participatory democracy and co-ordinated strategies between sectors and at all levels from the local to the global. It means finding ways of improving our quality of life without doing it at the expense of the

“The present course is unsustainable and postponing action is no longer an option. Inspired political leadership and intense co-operation across all sectors will be needed to put both existing and new policy instruments to work.”¹

environment, future generations, and the poor of both the rich and developing worlds.

The concept of sustainable development has been promoted in international and domestic policy communities ever since the Brundtland Report on global development in 1987. It is embedded in international agreements and countless declarations by governments, business and NGOs. It is open to many definitions, but the reasons we need it are hardly in dispute.

- The world's population will be around eight billion by 2025: the Earth will be an industrialised and highly urbanised planet, with large movements of people from rural areas to the mega-cities of the developing countries. Population growth will need to be halted if we are to have a sustainable future: if we cannot do it by raising quality of life for the poor in developing countries then it will be done for us by disease, war and natural disasters in the coming decades.
- Industrial economies have treated the natural world as an infinite bank of resources and as a bottomless pit for dumping wastes. But many resources are not renewable, and there are limits to the 'absorption capacity' of ecosystems to soak up our pollution. In particular, the rise in emissions of carbon dioxide (CO₂) is likely to disrupt climate in damaging and possibly disastrous ways. Mitigating climate change will require deep cuts in CO₂

emissions from all industrialised countries, with the rich world taking the lead, in the next 20-30 years. We are almost certainly already committed to a level of climate change whatever we do - which will bring substantial costs as we adapt settlements and industries to cope.

- Growth and all the goods which flow from it depend on 'critical natural capital' - the healthy operation of natural 'services' in the atmosphere, oceans and other systems. We can find substitutes for many non-renewable resources but there are goods which cannot be replaced. The diffusion of toxic chemicals, and of man-made organisms whose environmental impact is largely unknown, threatens biodiversity and public health.

This analysis has major socio-economic consequences:

- The growing population of the developing world, and especially the fifth of humanity living in absolute poverty, has an unanswerable moral claim to improve its living standards. It cannot do so on the basis of the current Western model of development. So developing countries need help to achieve sustainable industrialisation.
- The industrialised world is responsible for the worst threats, especially climate change. It must take the lead, and bear most of the costs, in finding solutions.

"The EU has met the key demands of the last half century - peace, prosperity and freedom. Its next half century must be about the politics of quality of life."

- Acceptance of limits to business-as-usual raises issues of equity - across generations, between rich and poor across the world, and within states².

The sustainability agenda points to a 21st century politics of quality of life. It re-ignites debates and policies neglected in the years of market liberalisation. In this it parallels the rediscovery by left and right alike of 'social capital' and trust as essential for economic progress. Prosperity depends not only on productivity but also on the quality of the ecological and social commons which make private choices and markets possible. Sustainable development demands renewed attention to these public goods and how we can protect and enhance them. It stresses the interdependence of people and place, business and civil society, markets and regulation, economy and ecology, and of all nations in a connected world. Progress depends on co-operation. The global action plan agreed at the Rio Earth Summit of 1992 - Agenda 21 - contains the vision of a new economy and society based on global mutualism³. It brings ecological sustainability permanently into the basic modern political equation - balancing freedom, equality and community. Sustainable development provides an updated Enlightenment vision of the ends of progressive politics.

In practical policy terms, accepting the imperative of sustainable development means assessing decisions about investment, innovation, infrastructure and market support in new ways. It means that decisions must be judged openly not only against tests of economic viability but also of

their effect on environmental quality and social cohesion. Since all these are contested concepts, we need new mechanisms to forge consensus. Sustainable development will also generate deep conflicts, between short-term economic interests and long-term environmental ones, and between national and sectoral interests, which only a supra-national broker and network such as the EU can help resolve.

It means too that we are undervaluing development and innovation that will be environmentally sustainable and will create new economic and social wealth. Meeting the challenges above might seem to threaten EU competitiveness and jobs: how can Europe reorient its economy to combat climate change and minimise waste and pollution without damaging prosperity? But the challenge of sustainability in general, and of tackling climate change in particular, can be used to promote new growth in enterprise, jobs, markets and innovation for a low carbon, zero waste, high technology economy. Taking sustainability seriously means taking a lead in building a 21st century industrial model for the world and improving quality of life in Europe.

Sustainability and the EU

The argument for sustainable development to be recognised as a fundamental goal for the EU is far from new. Bodies such as the Institute for European Environmental Policy, green campaign organisations and the European Environmental Bureau have worked for many years to embed sustainable development in the heart of the EU's

treaties and procedures⁴. These efforts have borne fruit. Sustainable development is now among the goals of the EU set out in the Treaty of Amsterdam. But the argument advanced here is that we should enshrine sustainable development as the core of the 'Euro-vision' for the next half-century, for two reasons. First, the idea of sustainable development faces up to the greatest challenges which threaten the democratic order's survival over the long term. Second, it offers the best opportunities for overcoming them and the existing 'deficits' in the EU.

The EU countries, like the rest of the OECD, enjoy an enviable position: wealthy, secure, economically competitive on a global scale, and socially far more harmonious than most other regions. But what JK Galbraith has called the 'culture of contentment'⁵ bred in the prosperity of the last 20 years does not face up to the big challenges to come. The sources of short-term contentment - cheap fuel and food, throw-away consumerism, and rising living standards for the already affluent - contain the seeds of discontent and crisis.

The pattern of economic growth in Europe has brought not only higher living standards but also a set of 'deficits' whose continuation is unsustainable for the well-being of Europe in the new century:

- an environmental deficit, with much economic growth decoupled from job creation and local quality of life, but not decoupled enough

from production of pollutants, waste and use of fossil fuels; and with much environmental policy poorly implemented and inadequately linked to other areas of policy;

- a livelihood and inclusion deficit, with millions jobless and with increasing polarisation of wages, work conditions and prospects between the affluent majority and the 'excluded';
- an enterprise deficit, with Europe widely seen as falling behind the USA in its exploitation of information technologies and capacity to create new enterprises;
- a leadership deficit, with Europe unable to act as an international force for security and management of global change - exemplified by failures of leadership by the USA and the EU in the Balkans, in policy on the United Nations, trade, global environmental threats and debt, and by growing instability, corruption and environmental unsustainability in much of the ex-USSR and the developing world;
- a democratic deficit, with the EU and member state governments widely mistrusted and seen as distant from people's major concerns about the future and priorities for action at the EU level; and with new forms of environmental risk and cultural anxieties about the costs of growth still poorly reflected in mainstream political debate and priorities⁶. Mainstream politics appears ever more detached from citizens, heightening the danger of

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revivals of populist, nationalist and even neo-fascist sentiments, from France to Russia.

We lack a coherent vision, a view of Europe's future capable of inspiring generations, to guide strategy in the face of these challenges. The present dominant vision for the EU - of further integration of markets and currencies - is a set of means without ends. It provides no answers to the big questions, nor does it do justice to Europe's potential to become a model sustainable democratic society.

Sustainable development, embracing and reconciling ecological, social and economic policy and setting out a vision of better quality of life, fits the nature of the challenges. It should become the fundamental goal of the EU. It offers compelling solutions to the EU's core problems:

- the ecological modernisation of markets and policy-making, opening up new opportunities for integrating environmental protection with the creation of new markets, sources of innovation,

enterprises and 'green collar' jobs, and with strategies to overcome social exclusion;

- a vision of the EU's aims which is not simply about an orthodox concept of economic process and rationalisation of markets;
- the strengthening of participatory democracy at all levels;
- a rationale for leadership by the EU and national politicians, providing a new lease of life and an injection of idealism for the much-abused Eurocracy;
- a mission for the EU as a global model and partner - integrating environmental protection and social inclusion into foreign policy and promoting sustainable development worldwide.

Before discussing in more detail why this vision is needed, why it can work and what innovations it demands, we review the numerous big ideas which have been advanced as visions to promote European integration.

in search of the big idea

The 1990s as the climax of the EU's original mission

The original goals of the EU's founding fathers have been largely achieved. The aims were the prevention of continental warfare through the reconciliation of France and Germany, and through the creation of a prosperous system of democratic states - the marketplace humanised by principles of equity and partnership, not to mention generous subsidy to important or vulnerable sections of society. The European Community would foster economic development, which would help secure democracy and the habits of peaceful co-existence and co-operation.

The 1990s have seen a remarkable rush of developments which have left the Union in a limbo of under-confidence and over-achievement against much of its traditional agenda. The end of the Cold War, although it opened up conflicts in the Balkans, reinforced the military security of Western Europe. The economic mission has been achieved through the progressive establishment of the Single Market and the creation of the Single European Currency. The EU has successfully absorbed new entrants and seen the incorporation into West Germany of the rundown ex-dictatorship of East Germany; and it is now negotiating over

the acceptance of new entrants from the ex-Communist world of central and eastern Europe. These developments have consolidated the Union's achievement of securing democracy and prosperity in western Europe. But they have also drawn attention as never before to its shortcomings and the lack of a new vision⁸. In some ways, they have made worse strains already present. Three deep-seated problems have emerged to haunt the EU and the proponents of ever closer and deeper European integration.

The end of the Cold War and the disorientation of Europe

First, the end of the Cold War removed the fault-line in the continent which allowed the European Community to focus its attention on democracy, co-operation and market-led prosperity in the West. In the wake of the revolutions of 1989-90, the leadership of the West was found wanting in vision, inspiration and generosity. Its response was alarm at the reunification of Germany, a hyper-cautious approach to enlargement, an aid programme to the ex-Communist world that did not match the scale of the need or the historic nature of the opportunity, and an introspective struggle over the Maastricht Treaty. The arguments over the deepening of the

Union blocked out the transformed political geography of Europe. As Timothy Garton Ash has argued, the leaders of the EU set the wrong priorities for the 1990s. Instead of looking outward, they re-focused on their top-down economic agenda, neglecting the problems of the East, especially of the Balkans⁹.

As Rebecca Willis notes¹⁰, it is ironic that the end of World War II inspired the pursuit of western European union, whereas the end of the Cold War has done no more than reinforce jaded 'postmodernist' arguments that no new visions can be pursued, and given us simply a grand plan for deeper economic integration. It is a vision without any political or ethically inspired ends - the elevation of economic procedures into political purposes. This leads us to the next big problem.

The decoupling of the economy from the citizen

Second, the economic project began to become detached from the 'social market' vision of shared prosperity that marked the long boom in post-war Europe and produced consensus between social democrats and conservatives for a generation. The Maastricht Treaty was informed by a neo-liberal conception of economic forces which emphasised monetary stability, and the removal of barriers to free trade and competition, as key virtues. It came to embody conventional economic policy wisdom about supply-side management and the

inefficiencies and rigidities thought to accompany old social market models.

By the time Maastricht was concluded, the view was strengthening among many voters and campaigners on environmental and social issues that what was good for corporations and Eurocrats was no longer good for citizens' long-run prosperity, job prospects and quality of life. As unemployment has remained high in many countries, and public services and local environments have deteriorated in others through the 1990s, the Union has ceased to be associated with better quality of life by many citizens. Fears about the EMU venture and its impact on jobs and poorer regions have been widespread¹¹.

Maastricht represented the high water mark for the technocratic, elite-driven approach to post-war integration in Europe. Economic monetary union (EMU) has been devised behind closed doors, with little effort to build up public understanding of the project, and against a backdrop of even more disagreement than usual among economists. It is the culminating expression of the idea of designing a 'Europe from above' as the way to save the old continent from its own worst features. The gap between public opinion and elite conceptions has deepened since Maastricht. The revelations of low-level but corrosive corruption and extensive fraud in the Commission has contributed to calls for further democratisation, but there is no consensus on what this might mean.

“Maastricht represented the high water mark for the technocratic, elite-driven approach to post-war integration in Europe.”

All this *decouples* the economic vision of policy-makers in business and government from the popular sense of economic progress as secure work, reasonable pay and improved quality of life. Business-as-usual - economic growth measured by GDP and other headline indicators - is not delivering sustainable well-being for many, and over the long run it will not work for most of us¹².

Peace, plenty and disenchantment: the democratic deficit

Third, the accomplishment of peace and plenty in western Europe is unprecedented, and creates its own problems. While Francis Fukuyama's theory of the 'end of history'¹³ - that liberal market democracy is the culmination of political and economic evolution - is almost certainly wrong, European leaders have often seemed to act as though it were true. They have shown little urgency over the seemingly anachronistic conflicts of the Balkans and warnings that current economic strategies are ecologically and socially unsustainable in the long run.

Moreover, the pervasive peace and plenty of the 1990s generates the conditions for scepticism, apathy and mistrust among citizens: discontent with governments and parties seems to be growing¹⁴. Lacking compelling new narratives about the direction of society, citizens in the rich democracies show many signs of declining confidence in their leaders. They regard the process of politics more cynically, as a game detached from the problems of 'real life'¹⁵. As Mark Mazower puts it, democracy is popular with Europeans, but they no longer believe in politics¹⁶.

A related problem is that for many the EU's priorities make little sense. The evidence of turnouts in the 1999 European Parliament elections and of opinion polls suggests that for a majority of EU citizens the concerns of the policy-makers and those of the public do not match up. Few people feel a sense of European citizenship. And the failure of mainstream politics to find ways to respect public concerns about new environmental risks - as demonstrated in the GM food fiasco of 1999 and the controversies over British beef and pollution of livestock feed in Belgium and France - has deepened the public's loss of faith in decision-makers. More generally, the EU's leaders have been slow to grasp the shifts in the priorities and aspirations of many affluent groups, and of younger people, who express new concerns about public health, quality of life, transport, and the ethical and environmental dimensions of food production, global trade and consumerism.

Economic decoupling, democratic deficit and the end of the Cold War, together with the achievement of much of the top-down integration agenda, explain the drift and crisis of confidence of the European project today. What, then, is to be done? The next section judges a range of views on the future grand narrative for the EU, and considers whether one is needed at all.

The context for a new Euro-democracy

If there is a clear idea behind the present EU, it is probably that of Europe as a framework of rules and conventions governing competition, harmonisation of standards, money and budgets,

working towards a complete single market, enabling European corporations to compete globally and secure economies of scale. But this technocrat's vision is not enough to generate political legitimacy, social integration or cultural energy. It is too thin, too closely tied to the priorities of 'Davos Man', the self-selecting elite of business and political decision-makers, to work as a source of inspiration for citizens across Europe. Without a more powerful guiding vision, the technocratic agenda runs severe risks of provoking a populist and nationalist backlash - even revivals of fascism - in many areas.

In search of a Euro-vision

There are plenty of candidates for the big idea that will provide the next long-range strategic agenda for the EU: a 'Europe of the Regions', a 'Learning Society', 'Europe as an Information Society', and so on. Below we examine 'the big four' which have dominated debate. First, the economic vision embodied in EMU and the Single Market. Second, the long-delayed enlargement of the Union through the entry of the new democracies of central and eastern Europe. Third, the idea of a common foreign and security policy. Fourth, the vision of a federal Europe, with powers devolved upward and downward to produce a democratic union of states and regions; and its opposing vision, of a loose alliance of liberal democracies. Finally, we need to consider the view that no vision is better than having one.

How should competing ideas be judged? The following tests are suggested. A vision for Europe must:

- contribute to overcoming the EU's basic deficits set out earlier.
- inspire people and be recognised by a broad consensus as being about vital concerns for Europeans as a whole. Does it have a chance of commanding real consensus among citizens and energising decision-makers?
- inspire policies which deliver real gains in quality of life to citizens, protection against new risks, and a sense of common cause and meaning;
- make sense as a long-term strategy, facing up to real concerns and opportunities that can only realistically be handled by the Union acting as a true community. Does it help anticipate and tackle the big challenges which can be foreseen for Europe in the 21st century and which can only be tackled by states acting in concert?

Identifying a core vision does not mean that all other options become irrelevant or marginal. There are many projects which the Union can pursue that need not fit into a bigger vision of progress. But politics cannot do for long without a grand narrative about where we want to go. Like the pudding famously rejected by Churchill, if our political culture 'lacks a theme' we should not be surprised if the apathy, cynicism and

"A vision for Europe must be recognised as being about vital concerns for Europeans as a whole."

disenchantment with political processes in the West persist or even increase.

The economic vision: single market, single currency

The founding fathers' programme for European integration was based on the promotion of economic growth, peaceful competition and co-operation in the extension of markets across borders. It has helped deliver unheard-of levels of affluence. Some argue that this is what the Union does best and should stick to¹⁷.

The argument sounds like one that can command wide acceptance. But the economic vision on offer does not pass our tests. The problem of investing so much political capital in EMU and the Single Market is that it runs huge risks and begs great questions. What do we want the Single Market and EMU to do for us? They are not ends in themselves, although the impression is hard to resist that some policy-makers and political leaders see them as such. Though they contribute to Europe's weight as a countervailing power to the USA, neither deals with economic decoupling. They do not help meet the challenges of economic change for Europe in the 21st century mentioned above and discussed further in section four.

The EU's economic vision may not even be optimal for enterprise. Is the focus on continental economies of scale and unification of markets the right strategy for a world in which, according to an army of economists and management gurus, customised products and services, local flexibility,

close understanding of clients' demands, harnessing skills and knowledge in many networks of productive collaboration, and cultural, environmental and social diversity will be ever more important to competitiveness?¹⁸ Europe's competitiveness may depend far more on harnessing the diversity of its cultures, the capacity of information and communication technologies to generate new market niches and on promoting new technologies for environmental productivity, than on perfecting the present single market.

Meanwhile, the bias of policy and law-making across the Union, enshrined in the Maastricht Treaty and left largely unamended in the Treaty of Amsterdam, promotes convergence on economic criteria and legal frameworks which do not encourage long-term perspectives. The EU's economic policy, whatever its virtues, has achieved an unhealthy combination of American-style monetarism and support for big corporations with Soviet-style subsidy of old industries and farming. This takes us towards unsustainable development and clashes between economic, social and environmental goals which undermine trust in policy-makers and business - witness the GM crops crisis now being played out. All this underlines the fact that the largely neo-liberal economic policy stance, developed in the last 20 years in Europe and across the West, crowds out alternative conceptions and measures of the good life and of what counts as an 'efficient' marketplace. This model also undermines its own legitimacy by failing to assess innovations against social and environmental criteria as well as economic ones, and to consider their impact on future generations.

Enlargement and common security

The process of negotiating enlargement to the East has been lengthy and grudging. It has been marked not by a vision of a democratic wider Europe sharing in peace and plenty but by anxiety about the impact of newcomers on the EU budget and on the political culture of the Union. Among applicant states, there has been a reluctance to go beyond the technicalities of negotiation towards development of new visions for an enlarged Union. As Kirsty Hughes and Heather Grabbe have noted, 'Elites in the prospective member states are unwilling to speculate on what kind of EU they would prefer for fear of jeopardising their chances of joining, while their publics still have only hazy notions of what joining the EU will involve'¹⁹.

The enlargement to the East is certainly a grand vision. Grabbe and Hughes observe that it means extending the institutions and policies of the affluent EU to 100 million people with an average income of less than one third of EU levels. It meets the test of being a vision that addresses key challenges for Europe in the 21st century: the consolidation of democracy in the ex-Communist world is essential for long-term security for both West and East, and it depends on the raising of living standards for millions impoverished by repressive and economically disastrous regimes.

It also meets the test of offering potential solutions to the fundamental problems of the EU as it is now, such as the democratic deficit, the

fixation on EMU, and the pork-barrel policy stasis that keeps the CAP intact. The scale of the challenges - cultural, social and environmental as much as economic - posed by successful enlargement to the East is such that the EU has no option but to embark on far-reaching changes to its political and economic constitutions. Put bluntly, enlargement is the battering ram that will break the logjam in the EU's process of reform. The CAP cannot survive enlargement; nor can current arrangements for decision-making in Commission, Council and Parliament. Enlargement is not just a big idea in its own right, it is potentially a catalyst for long-delayed changes. This much is recognised in the Union's Agenda 2000 package of reforms to deal with the challenge of enlargement to the structural and cohesion funds.

The problem for enlargement as a revitalising mission is that it does not command large-scale consensus, and it begs the question of what kind of Union the applicant states, not to mention the existing members, think they are joining, or want to join. The enlargement process is alarming to many citizens, parties and regions, fearful of losing money from the Structural Funds or CAP, worried about letting a wave of migrants into the affluent core of the Union. The enlargement debate has, like the economic programme, been a matter for the elites of the EU, another case of Europe from above. Next to no effort has been made to foster a wide debate on the ways to integrate the new democracies, to educate the EU's publics about the big changes ahead, or to think about the

"Enlargement begs the question of what kind of Union the applicant states want to join."

challenges of fostering solidarity between citizens of West and East and between the very different political cultures on both sides.

Negotiations on enlargement have largely avoided the non-economic, non-technical agenda. This means that joining Europe has been presented as a matter of participating in the EU's prosperity. But is that all that the citizens and leaders of the new democracies want from 'Europe'? The aim of the new entrants is also to join something that will consolidate democracy, reinforce security, give them hope of a sustainable future, and provide peace as well as plenty. They might well decide, as Garton Ash has argued, that the narrow economic vision of the present EU is not attractive or ambitious enough, especially given their own achievements in reconstruction since 1989 with not much help from the West²⁰. To offer the new democracies exactly the same pattern of economic development that the affluent countries are now recognising as environmentally and socially unsustainable is neither in our interest nor that of the applicant states. Enlargement on its own therefore cannot be a defining vision: it depends on a bigger framework of understanding of what Europe is to be about in the 21st century. It is an essential project for the EU, but it will not do the job of a revitalising vision for the Union.

The same can be said for the development of a common defence and foreign policy. It is a project that must be tackled, given the inadequacies of security policy over the Yugoslav wars. It also commands consensus from many policy-makers and citizens. But it requires a stronger vision of

what we wish to promote as European strategies on the international stage. What do we stand for? What do we want to do with a common security and foreign policy? The project is vital but it cannot answer these questions: we need a bigger vision.

Federalism: the vision of a European Federal Union

Finally, there is the idea often referred to as 'federalism' - the evolution of the EU into a 'United States of Europe'. This is portrayed by critics as the aim of creating a superstate in which most power would accrue to the highest, European, level. In fact, a federal system is one in which the principle of subsidiarity is formalised to a high degree, empowering different levels from the highest federal level down to the local, with responsibilities and rights allocated where they are most appropriately exercised. Federalism in some guise has, without doubt, been the supreme goal of integration in the eyes of many of the most convinced proponents of the Union.

The idea of a European federal state, complete with Euro-citizenship and a substantial transfer of powers - such as tax-raising capacity - to the supra-national level, may or may not be a desirable goal for the EU. But it is a deeply divisive idea: there is no political or popular consensus behind it. It is an idea that looks grossly premature in the light of the linguistic, cultural and economic divisions in Europe. It fails our tests of problem-solving and relevance to future challenges. Investing energies in the refinement of the federal

idea, for example through a European constitutional convention, would be worthwhile in many ways but would be hard to sell to the public as a sign that the EU was getting its priorities right at last.

The further federalisation of the EU, if it occurs, will come about as a by-product of pursuing other goals. The federal idea is about a means to various policy ends, not an end in itself. The same applies to other institutionally-based visions for Europe. There is the attractive variation on federalism which envisages a patchwork 'Europe of the Regions', in which nation states dwindle in power as locality, region and 'European citizenship' become the sources of identity and co-operation. And there is the Euro-sceptic vision of a loose common market (preferably spanning the Atlantic and Eurasia just to ensure political incoherence and to rule out supra-national control of key policy areas) which exists solely to promote free trade and neighbourliness. Neither can give us much guidance on what we do about the existing and future problems and opportunities of the Union.

Doing without visions?

There is a case for dismissing all talk of a 'vision for Europe'. Mark Mazower makes the point powerfully, pointing to the hideous wounds inflicted on Europe through its internal wars and repressions since 1914: *"The depth of these wounds was directly proportionate to the grandeur of the ambitions held by the various protagonists, each of whom aspired to remake Europe*

*- inside and out - more thoroughly than ever before. It is not surprising if today Europe is suffering from ideological exhaustion, and if politics has become a distinctly unvisionary activity. As Austria's former chancellor Franz Vranitsky once supposedly remarked: 'Anyone with visions needs to see a doctor'"*²¹.

The point is well made, but it makes no distinction between the visions which animate dictatorships and total ideologies such as Nazism and Stalinism, and those which can sustain democracies such as the members of the EU. Can democracies do without long-term purposes which can motivate civic participation and idealism? Looking at the society of peace and plenty in the affluent West it is tempting to conclude that they can - that people wish to be left alone to pursue individual projects, work, play, make money and live a decent, materially comfortable life²².

But this point of view risks falling into what we might call the Fukuyaman Fallacy: that liberal capitalist democracy has triumphed definitively and faces no more significant challenges, and needs no energising visions. On this view, we can continue with pragmatic economic management, consumerism, piecemeal reform of welfare policy. But not even Fukuyama seems to believe this now: he recognises that there is a tension between capitalism and its globalising powers and the maintenance of social cohesion²³. Moreover, even if the democracies of Europe think they are better off without a grand vision, other parts of the

"Federalism is an idea that looks grossly premature in the light of the linguistic, cultural and economic divisions in Europe."

international system might not take the same view about their own policies. Like it or not we will be obliged to react to the implications of their guiding strategies - for example, Monsanto's vision of a genetically modified future for world agriculture, the current American agenda for global free trade, and the US's apparent belief that climate change is not to be taken seriously.

If we look ahead at the challenges of the new century - the social and ecological risks generated by the globalisation of industrial production, competition and consumption - we can see real threats to the security of democracies and indeed, to the survival of civil order in many states.

There is no doubt that securing the benefits and overcoming the immense problems in our way will require major changes in attitudes and behaviour by citizens in the affluent world. Business-as-usual cannot be sustained, as argued in the next section. The West might have taken a holiday from history in the 1990s but it is illusory to think that peace and plenty have been secured forever. We cannot do without visions of how we wish to meet looming challenges, and what outcomes we wish to achieve.

The following sections outline why sustainable development is the best candidate for the role of a long-term vision for the EU.

updating Orwell:

the state we're in and scenarios for the long term

Orwell on Europe's prospects

In 1947 George Orwell published an essay entitled 'Towards European Unity'²⁴. In it he surveyed the bleak state of the post-war world, in which the advent of nuclear arms, the stand-off between capitalism and communism, and the material poverty brought about by war and inequality were the salient features. He concluded that the three most likely scenarios for the future were: pre-emptive nuclear war by the USA against the Soviet Union; Cold War between the superpowers followed by a nuclear war; or the division of the globe between three gigantic slave states. Orwell argued that the only hope for a better future was the creation of a group of democratic socialist countries in Europe that would be a model of humane society to the rest of the world. True to his relentlessly honest pessimism, however, he ended the essay with a list of the overwhelming obstacles to the realisation of this vision of a democratic and socialist 'western European union'.

More than 50 years later, we are only seven years away from the 50th anniversary of the Treaty

of Rome - one of the most successful treaties ever signed. It has played a crucial part in the steadily rising prosperity of western Europe, and has given a civic underpinning for peace in a continent on the verge of total collapse in 1945. It may not have created Orwell's 'Socialist United States of Europe', but it has helped democratic welfare states to flourish.

In short, what Orwell saw as a scarcely credible optimistic scenario in 1947 has, in large part, come to pass. The collective effort of the European democracies, combined with the energies of the USA, brought about peace and plenty from a situation where neither seemed remotely likely. The EU's original guiding vision passed all the tests of viability we set earlier:

- it dealt with the critical problems of the preceding European system: the dictatorship in Germany, the destabilising enmity between Germany and France, the failure of capitalism to help underpin social cohesion and liberal order;
- it offered a vision of prosperity through managed competition and economic co-operation,

"We need a 'hard-nosed Utopianism' to guide and inspire us."

based on the consolidation of democracy and peaceful mechanisms for resolving disputes, which commanded consensus; and it could also inspire real passion in its proponents, as a vision of Europe freed from war and unified in freedom and a civilised economic order;

- it delivered real benefits to citizens: peace, material prosperity, greater choice and freedom, and confidence about the economic future;
- it faced up to the biggest challenges of the long-term: the need to secure a rapid economic and social recovery in Europe, to consolidate Franco-German relations and German democracy, and to maintain western Europe as a liberal democratic system in the face of the Iron Curtain dictatorships.

The achievement is, in retrospect, astonishing. But, as noted above, the lesson is not that somehow history has ended and that Europe can relax for the duration in a warm bath of consumerism and comfortable apathy and scepticism about politics. The real lesson is that social-market democracies with a clear set of challenges and a vision of progress can achieve, if not Utopia, then advances for human well-being which surpass anything achieved by rival systems and ideologies. We should indeed reject all authoritarian grand narratives, but that does not mean we also must give up ideals of universal progress based on democracy and its capacity to harness markets and technologies to worthwhile ends²⁵. Without them, all we have is irony, cynicism, consensus on macroeconomics and a lack of will to act on the challenges we know are

coming. The EU and the rest of the West has converged since 1989 on an unheroic culture of policy-making in which the crises of the outside world and limits to our own business-as-usual are only acknowledged *in extremis*. This is good enough, maybe, for affluent Westerners in a period of peace and plenty, but not up to the task of sustaining Europe through the challenges ahead. Idealism and 'heroic' practical policy-making which takes the future seriously will have to be rediscovered by democracies. We need a 'hard-nosed Utopianism' to guide and inspire us²⁶.

Below we elaborate on these key challenges for the Union's next half-century.

Globalising capitalism and social cohesion

Globalisation is the dominant fact of economic and political life. It poses major challenges for policy-makers everywhere²⁷:

- the planetary reach of communications and information technologies opens up a prospect of a 'global village' of connected firms, communities and individuals;
- the diffusion of Western industrialism to much of the developing world, with short- and medium-term gains in living standards for many in countries such as India and China, but long-term pressures on resources and welfare systems;
- the growth of extreme inequalities between affluent nations and the poorest ones, and within many countries - rich, developing and very poor alike: in 1999, as UN Development

Programme research has shown, the 225 richest people on the planet have a combined wealth of over one trillion dollars, equivalent to the wealth of nearly half the world's poorest citizens;

- the global reach of new technologies with potentially massive impacts for good and ill on the environment and economy both locally and internationally - for example, technologies for genetic modification of crops.

Most significantly, globalisation has boosted the influence of multinational corporations and international institutions. Some multinationals now outweigh whole states in GDP and policy leverage: they constitute 'virtual nations', as Tom Burke has argued²⁸, which do not operate within a system of global law. The institutions of global governance - the UN, WTO, IMF, World Bank and so on - have gained in responsibilities and influence, but lack the resources and legitimacy to handle the realities of globalisation. There is no global competition policy, no equivalent of the Maastricht Social Chapter, and no global environment agency to humanise the emerging global order. We rely on the voluntary commitments of multinationals, the scrutiny and protests of NGOs, the policy frameworks of governments and the non-transparent decisions of international agencies to develop a global economy based on democracy, social equity and environmental sustainability²⁹.

Globalisation is the overriding fact of our political and economic condition. It is therefore a challenge and opportunity for sustainable development that must be at the core of any new

mission for the European Union. It is also at the heart of profound ecological challenges, as outlined in section one above. The threat is that the unsustainable development of the rich world will be replicated throughout the developing world, with potentially disastrous results for the environment and social stability. But globalisation also gives us the basis of a common understanding of the need for sustainable development. We can now imagine designing international strategies for moving both the rich and developing worlds away from fossil fuel-intensive economies and for promoting technologies and economic policies which safeguard the environment, generate more jobs and spread wealth more evenly.

The need for sustainable development and the process of globalisation and interdependency of states are intertwined: the one feeds the other. They are the equivalent of the challenges facing Europe when Orwell drew up his scenarios in 1947. We cannot postpone action on these challenges, as Klaus Töpfer, head of the UN Environment Programme, made plain in launching the UN analysis of the threats to global security from ecological degradation³⁰: *'A series of looming crises and ultimate catastrophe can only be averted by a massive increase in political will. We have the technology but are not applying it.'*

What possible futures face Europe and the world, in the light of globalisation and the risks of unsustainable development? If we update Orwell, we can develop a number of scenarios for the next 30-50 years based on the threats and opportunities we can foresee³¹. Box one outlines three.

Box 1. Orwell revisited: three scenarios

Scenario one: Business-as-usual - moving closer to the edge

The process of industrial globalisation proceeds rapidly, generating great wealth for many in the developed and developing worlds alike, but at the cost of further widening of inequalities within nations and with massive environmental costs. Some developing countries have grown much richer and more equitable; but despite renewed efforts at debt relief and better targeted aid from the West, the poorest countries of 1999 are barely progressing by 2030. There is no widespread eco-catastrophe, but resource crises emerge in more regions. Local fisheries collapse and there are many more natural disasters, droughts and famines, which in turn lead to mass migrations and destabilisation of societies and political regimes. There are more civil wars in the poorest countries, with violence and refugees spilling over the borders of the richer zones of the world.

In the EU social tensions and conflicts rise as inequalities and environmental costs mount, despite the persistence of private affluence. Globalisation is proceeding largely on the terms of the USA, and many European corporations have adopted the Anglo-American shareholder culture, which brings new dynamism in some ways but also produces more insecurities and labour unrest. The 1990s debates in the USA and UK over the tensions between work and family life, and between short-termism and long-term investment and corporate responsibility, have spread all over Europe and intensified.

Within the EU pressures mount on governments to take unilateral action to protect jobs and markets. Enlargement beyond the most prosperous of ex-communist states is stalled; instability rises on the Union's eastern and southern flanks. Progress in cutting pollution is outweighed by failures to tackle rising greenhouse gas emissions, road congestion and over-exploitation of fisheries. The CAP remains largely unreconstructed despite public pressure for less intensive farming and safer food. Europe's wildlife and wildlands continue to be depleted; the progress of the late 20th century in cleaning the rivers, soils and air is halted.

So the EU remains fairly stable and prosperous overall, but the deficits concerning environment, jobs, democracy, enterprise and security remain. In many ways they have grown more threatening. The EU is still an enviable place in a turbulent world. But it is just muddling through. It and the rest of the world run great risks of precipitating runaway ecological and political crises.

Scenario two: Unsustainable world

The globalisation of industrialism proceeds apace and leads to serious disruption to the climate system by mid-century. This means hundreds of millions of environmental refugees, the collapse of some states, wars over access to freshwater supplies and oil, civil unrest in many countries and major upheavals in trade and production, leading to rising unemployment and shortages of key commodities. Gross inequalities between and within nations have not been tackled; plutocracy and kleptocracy dominate much of the developing world, and the extremes of wealth and poverty in the USA have emerged in many parts of Europe. Democracies come under severe strains and the EU becomes a 'Fortress Europe', seeking to exclude refugees from unstable and stricken countries on its borders and to take emergency measures against environmental threats.

In this scenario the EU is placed under immense strains by external security threats, climate change, unrest and populist nationalism inflamed by unemployment and pressures to take in refugees, and by trade clashes with the USA, which faces the same crises and where protectionist and isolationist forces are growing in strength. Business is weakened by the collapse of many developing country markets, by protectionism and loss of confidence among investors. Violent demonstrations and terrorism are common as society splits between winners and losers, and between those managing the status quo and those determined to change it. Europe's most loved landscapes and wildlife suffer irreparable damage from climate change.

By comparison with the deeply turbulent and violent developing world, which bears the brunt of ecological crisis and economic upheaval, the EU remains affluent and stable. But quality of life and social peace have declined dramatically, and the prospect of war, global economic depression and further, unmanageable, ecological threats has grown far more likely. Few within the EU believe that it will survive the 21st century, and many are calling for authoritarian measures to protect the economy, prevent social turmoil and implement emergency policies to cut greenhouse gas emissions, ration energy and water, and block mass migration to the EU from south and east.

Scenario three: Towards sustainability

The mounting evidence of climate change, the rising costs of traffic congestion, discontent over high unemployment and increased time pressures on those in work, and further health scares over food production, eventually lead to public pressure for action which political parties cannot ignore. New action plans for sustainable development transform the EU over the next generation. It modernises its industries, market structures, and political processes so that they contribute to sustainability and the revitalisation of democracy. The EU takes a lead in offering a model of democratic sustainable development to the rest of the world. It sets the pace for progress in pursuing the aims of international environmental agreements and in helping the poorest countries achieve decent living standards. Major environmental problems and social conflicts still afflict the world, but democracies survive and thrive in North and South by adopting comprehensive new policies for sustainable development, which gradually diffuse elsewhere throughout the 21st Century. A key part of this is the growth of the 'weightless economy' - not only the knowledge-intensive IT sectors - but also a large range of cleaner production industries, which are a major source of earnings, enterprise creation and employment in Europe.

The EU's leaders have accepted that greater transparency is vital to gaining the public trust essential for consensus on the changes needed for sustainability. The Single Market is a more flexible economic space, allowing more experimentation by member states in measures to promote sustainable development. This has gone hand in hand with policies to encourage job creation and new businesses which focus on environmental innovations and low-energy services and manufacturing. Half of Europe's energy needs are met by renewable sources - biofuels, solar and wind energy above all - and by energy saving techniques. The reliance on fossil and nuclear fuel is rapidly diminishing. The forests have grown and damaged environments have been restored in many areas, creating new jobs and bringing back richer flora and fauna to the continent.

The debates over sustainability and the poverty of many developing countries have also led to a shift in public opinion. The majority of citizens have moved decisively towards a 'post-consumerist' outlook, and in favour of more redistribution to poorer regions, within the EU and without. In short, the EU has decoupled progress in quality of life from growth in energy and material use; and it has recoupled economic development to jobs and real gains in well-being.

Assessing our chances

How far is the third scenario credible? Many will say it is hopelessly optimistic and idealistic in the face of the globalisation of capitalism and its accompanying social and ecological disruption³². But consider the improbability of Orwell's optimistic scenario for Europe to become a haven and exemplar of democracy and liberal order. The odds were arguably more heavily stacked against Europe achieving peace and plenty than they are now weighted against Europe achieving sustainable development, and becoming a model of liberal order, social cohesion, high quality of life and environmental stewardship. What do we have on our side? The answer is, a great deal more than we often think:

- vastly greater wealth, technological capabilities and scientific knowledge than were available 50 years ago;
- an already highly integrated European Union;
- a mass of experience on good practice in environmental management in business³³;
- a body of international laws, networks and institutions which could evolve into a framework for more accountable global governance³⁴ ;
- international mechanisms for peace-keeping, emergency aid and economic stabilisation which, for all their shortcomings, have been able

to check some of the military, social and economic crises of the post-Cold War world;

- an emerging consensus among OECD countries, some multinationals and international institutions that their neo-liberal economic policy prescription for structural reform in developing and ex-Communist countries is one-dimensional and has failed to promote sustainable development³⁵;
- rising pressure on corporations to account for their social and environmental impacts and to take part in initiatives in support of ethical trade, environmental protection, campaigns for social justice, and so on³⁶;
- the growth of a significant body of public opinion in the West, and especially in the EU, sympathetic to environmentalist values, pointing to potential for wide support for stronger action in pursuit of sustainable development³⁷;
- the presence of international environmental and social policy agreements - however badly implemented - and the recognition, on paper at least, of the imperative of sustainable development in the new century.

The existence of a consensus among Western and other nations and parties, on the need in principle for sustainable development, , and the rise of environmental awareness, is a key advantage for sustainability as a contender for the title of guiding mission for the EU. Environmental values, almost uniquely in the political culture of the West

in the 1990s, have the power to inspire citizens to lobby for change; and they animate well-resourced and highly trusted NGOs. The campaign for sustainable development, inspired by but not limited to green values and concerns, can build consensus and promote idealism and more participation in civil society.

Of course, sceptics can point to many obstacles. Western democracies have failed so far to do much to follow up the commitments made at the Rio Earth Summit, and show no urgency about the Kyoto climate change agreements. Many citizens in the West fail to live up to the implications of their environmental values, especially in relation to car use, and there is widespread ignorance about what sustainable development involves. Western policy-makers have largely failed to integrate the environmental dimension adequately into

economic policies, out of fear of loss of competitiveness and creating economic losers. We must acknowledge the inadequacy of much corporate voluntary action in the face of large-scale inequalities and environmental degradation across the world.

None of this can be gainsaid. But even more sobering obstacles stood in the way of the original European vision of the post-war years. As argued below, despite these barriers to change there is a basis for action, in the form of technologies, institutions, attitudes and policies which gives us a good chance of overcoming them. Sustainable development is not only imperative, it is feasible. We discuss below the democratic basis on which a new vision should be based. We then set out the components of a European mission to achieve sustainable development.

sustaining europe:

a 21st century programme for the EU

Our starting point is the recognition of the impact of unsustainable development and the threat and potential opportunity in globalisation. There is growing acceptance that the nation state alone can no longer deliver the most important things that people need: physical security, economic opportunity and security, and a safe, satisfying environment. The EU is an entity that can help shape globalisation and deliver sustainable development.

A precondition for the success of a new vision is that the EU is seen to embrace open governance and fight corruption and cynicism at its core. It also means in some respects turning away from the 'Europe of rules' model that has been dominant. This remains essential for European administrative integration and market regulation. But it is not the stuff of renewed legitimacy and energy for the EU.

The EU can best re-legitimate itself through a new mission which emphasises both its strengths and the challenges only it can handle, as a web of interdependent states, sectors and civil societies. We need to see the EU not only as an integrated market and a network for supra-national policy, but also, as Leonard argues, as 'a single market for government and ideas', transferring lessons learned between states, rather than devising 'one size fits all' solutions: *'Each EU member should see its partners as*

common learning resources across the full range of policy - so that the European Union becomes a laboratory for policy innovation.'³⁸

This is fully in tune with the policy implications of the imperative of sustainability and the context of globalisation. It also reflects the desire to retain local and regional distinctiveness in Europe while making common cause to overcome shared problems. It is a complement to the development of the renewed strategic mission for Europe, that of pursuing, exemplifying and exporting sustainable development. It is time to consider the content of this vision for Europe.

The case for sustainable development

The fundamental justification for making sustainable development the core element of the EU's mission for its second half-century is that none of Europe's achievements of peace, prosperity and freedom can be secured for coming generations without it. Only co-operating networks of nations, multi-national NGOs and enterprises can help overcome the greatest challenges we all face. The integrated European market cannot thrive in the long run without greater ecological health and social cohesion. This means tackling the basic EU 'deficits'.

The pursuit of sustainable development also forces on us radical measures to deal with the Union's democratic deficit. Facing up to ecological damage and the risks for individuals and communities posed by some aspects of market integration and globalisation will demand far-reaching changes to production and consumption. Achieving this in turn calls for measures to improve the quality of public argument on the big choices for the new century, to build consensus across sectoral interests, and to win trust and wider participation in Euro-decision-making.

Calling for sustainable development to be embraced as the Union's core mission is not based simply on a recognition of threats, fears and looming crisis. These are enough to justify the mission, but there is much more to sustainable development than being alarmist. A mountain of research studies and local experiments tells us that sustainable development is potentially a force for more jobs, more democracy, more competitiveness, more global security and more technological innovation. It can help make progress in overcoming all the deficits of the EU we have identified. The EU can become a pioneer of a new model of industrialism, combining low fossil fuel use with high technology and high quality of life and, as such, it can offer a model to the rest of the world. This is a powerful rationale for policy-makers to accept the sustainability imperative as the EU's 21st century mission. It leads us to consider what support for the proposal can be expected and how it can be increased.

Building a constituency for sustainable development

When Orwell wrote his essay on the prospects for European unity, he confessed that he could see no group with a chance of political power that would work for European co-operation and democratic socialist policies. He was wrong then, and we would be wrong now to assume that there is no constituency for sustainable development that could become the driving force in the next generation.

To be sure, there are many obstacles to change. There has been determined resistance to reform of the CAP from beneficiaries, and to dismantling of subsidy to energy-intensive sectors. Policy-makers still see more roads, cars, airports and lorry freight as signs of progress, and calls for eco-taxes as threats to enterprise. In the less affluent states of the EU, and in the applicant countries, environmental and social concerns come well behind the desire for economic growth and north European lifestyles. But these barriers to change can be overcome.

We have already noted the existence of a consensus, in rhetoric at least, about long-term objectives among political parties, multinational businesses, international agencies and national governments on the need for a shift towards sustainable development. This will deepen as evidence mounts on global warming, air pollution, loss of fish stocks, water shortages, and so on. The challenges ahead will also be brought into sharp focus in 2002 at the global conference to pursue

the agenda launched a decade before at the Rio Earth Summit.

Other factors are important in building up political momentum:

- the desire in the Commission, Parliament and Council for a fresh start for the EU, a recognition that the status quo is politically unsustainable, and Commission President Prodi's commitment to improving the development of cross-cutting policy thinking and implementation in the Commission;
- finalisation of the Agenda 2000 programme for reform of the structural and cohesion funds in preparation for enlargement to the East;
- powerful NGOs pushing for environmental and social justice, able to claim to speak for and be trusted by a large body of citizens;
- the scope in policies for sustainable development to appeal to idealism and to become missions at the personal level, inspiring people's careers and objectives.

Perhaps, crucially, the vision of sustainable development is one that can appeal to consensual action across party boundaries. It is agnostic in relation to the great divisive themes of the EU's politics - EMU, the Single Market, further

federalisation. Eurosceptics and federalists alike can recognise the sustainability imperative. Much of the scope for party disagreement is focused on the means to tackle unsustainable practices, not on the long-term objectives of sustainable development. And crucially, sustainable development is not an imperialistic mission for the Commission. It stresses the need for diverse local, regional and national action as well as supra-national measures; but its many global aspects give the EU an undisputed role in supra-national policy-making.

The Union, in developing a new mission on sustainability from existing policy on the environment, would be building on *the* success story of EU politics. The environment is the area in which transnational action and pooling sovereignty has commanded assent at all levels of government and among citizens of the EU in recent years. Pollution and other forms of environmental degradation are intrinsically trans-boundary problems and protecting the environment is thus an obvious common cause for Europeans. There is substantial and enduring popular support as well as technical arguments for EU competence at this level³⁹. With over 300 items of environmental legislation now passed at EU level, there has been a 'massive shift in power from national states to the EU' in recent years on environmental policy⁴⁰. The Union is best placed to be the champion of environmental policy, to set the framework for national, regional and local action, and to act as negotiator for its members en bloc at global level.

"Eurosceptics and federalists alike can recognise the sustainability imperative."

There is also considerable momentum behind more integration of environmental and social factors into the mainstream policy-making process. The history of environmental policy within the Union has been one of steadily increasing integration into mainstream planning. There has been a shift from measures to clean up pollution, to more preventive strategies for reducing or avoiding damage, and to a focus on environmental issues as a core element in sustainable development⁴¹.

The Treaty of Amsterdam enshrines sustainable development as a key objective of the Union, and Article Six makes clear its link with environmental protection and the need for sustainability to be integrated into all EU policy areas⁴². The Commission's Agenda 2000 action programme incorporates plans for a gradual greening of the CAP and improved integration of sustainable development into other policy domains. The links between environmental sustainability, eco-taxation and the creation of new jobs have been made. The scope for environmental action to be a motor for innovation and new sources of competitiveness (for example, the immense potential of environmental technologies as an export sector) have begun to be explored. EU programmes on economic and technological development recognise the need for environmentally sound development, as well as the scope for green job creation and industrial opportunities through energy saving, recycling, cleaner technologies,

improved public transport systems and restoration of polluted landscapes⁴³.

The Union's environmental action programmes have evolved into ambitious plans - not yet matched by decisive action - for integration of environmental action with other policy areas. Important steps have been taken: the so-called 'Cardiff Process' agreed under the 1998 UK Presidency for ensuring that different sectoral councils take sustainable development issues into account and report to future EU summits on their strategies for integration; and the Commission's use of threats to withhold structural fund payments to member states unless they comply with implementation of environmental directives⁴⁴.

So there is a significant, if not yet decisive, shift in the politics of the Union towards integrating sustainable development in mainstream policy. Next we look at how this can be promoted by the EU. We consider first the principles underpinning it, then consider recommendations for an action plan. The focus is on the *environment* - the area in which the Union has most trust and competence but in which the deficits between aims and actions are especially threatening. Doing still more for the air, soil, water and habitats of our 'common European home', to borrow Mikhail Gorbachev's resonant phrase, also offers us the best hope of innovation which can help overcome the EU's other key deficits - in enterprise, unemployment and exclusion, democracy and international leadership.

"The Union's environmental action programmes have evolved into ambitious plans - not yet matched by decisive action."

Box 2. Principles of an EU Sustainable Development Strategy

- Leadership and integration from the top of the Commission
- Laboratory Europe: promotion of experimentation and learning
- Level playing field between economic and environmental factors
- No subsidy without sustainability
- No sticks without carrots
- No eco-taxation without hypothecation
- Leadership, moral responsibility and investment in sustainable development internationally

Essential components of a Sustainable Development Strategy for the EU

Based on the arguments so far, we can set out some core principles and associated recommendations for the EU's Sustainability Strategy.

First, the EU must recognise that in this dimension of policy-making, a focus on effective integration between the work of the Commission directorates-general is vital, pushed by strong leadership on sustainability from the top. It is not a subset of the environment directorate's domain. The message must go out in the Commission that nothing is more important, and that this is the strategy to which the best and brightest will want to contribute.

This points to the need for the creation of a Sustainable Development Unit in the Commission President's Office, staffed by a cross-directorate team and led by an assistant to the President of Commissioner rank. This should be shadowed in the Council by the establishment of an annual

sustainability summit, and in the Parliament by greater attention to environmental and social sustainability criteria as well as to economic yardsticks. As an alliance of NGOs proposed at the last Euro-elections⁴⁵, the Parliament should require every new policy proposal from the Commission to include a statement on its contribution to sustainable development in general and the environment in particular. It should press for the adoption of new sustainable development indicators and impact assessment tools as standard in planning and evaluating Commission programmes.

The Unit in the President's Office would be responsible for an overarching Sustainable Development Strategy for the Union, which would bring together the key themes and outcomes for all the directorates in pursuit of sustainable development. It would be responsible for assuring full integration of sustainable development issues and outcomes into the draft action plans of the individual directorates. The Unit would also act as a broker, bringing directorates together into problem-solving teams looking at questions which

cut across two or more areas of policy. Finally, it would have an anticipatory role, liaising with the European Environment Agency, research centres, business and NGOs about problems which are emerging and framing draft strategies to handle them.

It will also be important to link personal rewards, prestige and career development in the Commission to achievement of joined-up policy and shared goals, reinforcing the message that co-operation across policy silos counts more than ever. Use of green accounting tools and new indicators of sustainable development, pooling of budgets for cross-cutting projects, performance audits based on outcomes rather than departmental inputs and outputs, and stringent enforcement of the Cardiff process for integration of environmental factors across policy fields - all these can improve the chances of fixing sustainable development at the heart of policy-making and individuals' career priorities⁴⁶.

This connects the challenge of integration to the need for innovation in learning for tomorrow's EU decision-makers. The box below sets out ideas for better education on sustainability for the rising generation of policy-makers.

Second, design and implementation of policy for sustainability demands widespread experimentation. This is not a policy for top-down delivery but one which calls for action from the global to the local level. It goes against a rigid 'Europe of rules' approach to policy which stresses harmonisation and one-speed development across the Union. In pursuing sustainable development,

Europe's character as a learning network must come to the fore. Each member state needs to be able to develop local and regional blueprints within an overall framework of minimum standards and targets, and to share good practice at all levels. The Commission's primary role will not be to develop universal legislation but to promote leading practice, assist learning, set priorities, and allow states and regions to act as sustainable development laboratories.

This means an acceptance, for some policies, of a 'multi-speed' or Laboratory Europe - allowing some states to move faster than others towards sustainability targets. This happens already, of course: we have a multi-speed EU in relation to the Euro, immigration and targets for greenhouse gas reduction. Provided that the baseline across the EU promotes progress by all states towards meaningful targets, regions and member states should be allowed to make much faster progress than others where they can and wish to do so.

Third, this implies levelling the playing field between economic and environmental objectives. Where local, regional or national standards for environmental protection exceed the EU norm, this should not be counted as an infringement of the Single Market unless there is a clear case that measures are being used mainly for protection. An implication of the need to reduce fossil energy consumption is that more localisation of production and purchasing is needed, to reduce the miles travelled by products across the EU and to reduce the loss of local jobs and small enterprises. Re-localisation for some products and services can co-exist with the Single Market in

Box 3. Policy learning: spreading sustainable practice and ideas

How to transfer good and leading practice rapidly around the EU? How to embed it in the training of public officials, politicians, business leaders and NGO activists, and how to have them learn from each other? Education for sustainability is already being introduced in the schools and public information campaigns of many member states, but we lack mechanisms for educating existing leaders and the rising generation of decision-makers.

The challenge here is to recognise the need for learning across sectors and between levels of governance and practice, given the uncharted territory that sustainable development takes us into. The key task is to bring together people from different sectors and levels, and to transmit messages about what works in what context in pursuing environmental integration with economic and social policy. Many initiatives exist to do this - for example, bilateral ventures by member states with applicant countries to share learning on environmental policy in the run-up to accession (and there is much for the EU to learn from and help maintain in the applicant states, given the relative absence of intensive farming and the survival of many wildlands and wildlife in central and eastern Europe). But a more systematic approach is needed to make learning for sustainable development stick in the minds - and hearts - of Europe's current and future leaders.

The Commission could make a contribution to this by creating a Europe-wide network of 'Sustainable Future Centres', which together would form a University of Sustainable Development for the Union. These Centres would be set up in each member state and applicant country, and also in all the ex-communist states aided by the European Bank for Reconstruction and Development. They would be sited in the most environmentally and socially disadvantaged areas: part of their work would be to improve the local environment, create local jobs and act as a reminder to attendees from more fortunate places of how much unsustainable development we have to deal with.

The Centres would not be traditional universities. They would run short and intensive courses, brainstorm and exchanges of experience between delegates from different countries, sectors and levels of government, focusing on ways to promote sustainable policy and improving existing policy measures. The mixing of commissioners with practitioners, business leaders with community representatives, would be vital for the emotional work of the Centres as well as their intellectual and practical impact. Policy-makers in all sectors need to feel the importance of their

work as well as know it in abstract terms. If integration of policies for sustainability is to work then we need economic decision-makers to see and believe the evidence of environmental and social unsustainability, and the possibility of overcoming the problems. So the location of the Centres and the mixing of people in their courses matter profoundly. Because they are about threats and opportunities remote from decision-makers' personal experience, and scenarios for change beyond our lifetimes, sustainable development policies must engage the heart and imagination as well as the intellect. They must involve what Tim O'Riordan and Heather Voisey call 'revelation' - opening up individuals to a set of experiences that illuminate the risks and opportunities ahead⁴⁷.

A key feature of the Centres' services would be transfer of learning about working in partnerships spanning sectors and policy boundaries - an area vital to sustainable development but poorly represented in training for business and public service. These centres should be places that become essential ingredients in the experience of aspiring movers and shakers in government, business and the NGO sector. They would be models of ecologically friendly, design and would act as demonstration sites for new technologies; they would be connected by Internet to the European Environment Agency, university centres of excellence, international networks on sustainable development (such as ICLEI, the worldwide Local Agenda 21 network) and to key institutions in each country. They could also be linked to similar centres in developing countries, and funding the creation of such a network outside Europe would be a significant act of leadership and generosity - a suitable gesture to mark the Millennium and a new start for the Union.

A related measure could be the creation of an EU Green Taskforce offering brokerage for voluntary placements for people of all ages across the Union and applicant states on conservation projects and schemes linked to the sustainability programme Local Agenda 21. This could be managed by the proposed Sustainable Future Centres. It could also accept an annual intake of 'Sustainable Europe Scholars' - young people (say aged 21-25) serving a year-long sustainability apprenticeship, gaining experience on projects with government, business and NGOs. The model for such a scheme exists in the UK, in the successful Graduate Scholarships programme run by the NGO Forum for the Future. Setting up such a system on a pan-European basis would help create a widely-experienced cadre of future decision-makers with a commitment to promoting sustainable development in whatever walk of life they enter.

others: indeed, it needs to be encouraged if European energy saving targets are to be met. One way to promote more localised economies in products such as foodstuffs is to develop better energy taxes, to reduce the farcical total of 'food miles' accumulated as processors and retailers move products across the continent before they are ready to sell. Another is to take a more relaxed view about variations in local product standards and labelling. And frequent recourse to the European Court on competition policy in relation to local standards should be avoided wherever possible. The Commission should establish a conflict resolution process for disputes on the balance between local sustainability standards and pan-EU market access, bringing together parties for their case to be settled by a consensus panel drawn from business, NGOs, policy specialists and academe.

Fourth, the Union must drop its habit of offering perverse subsidies and should pressurise all member states and applicants to follow suit⁴⁸. A tough line must be taken on criteria for subsidy and allocation of structural fund monies. The CAP takes up over 40 per cent of the EU budget, often for ecologically-damaging activities; and the use of structural funds, a further 38 per cent of EU spending, often undermines EU environmental policy. Dams, new highways, wasteful irrigation schemes and other projects backed by EU money often damage landscapes, wildlife and resources meant to be protected by EU policies. The big European funds have huge political leverage:

reforming them decisively to stop such incoherence and waste will be worth a thousand inspirational speeches or ministerial declarations. The obvious need is to stop current spending from undermining the EU's own environmental goals; and to reallocate monies on a large scale to favour spending on sustainable development. At present the LIFE fund for environmental improvements accounts for a derisory 0.1 per cent of the EU's budget. The Commission should aim to move at least 50 per cent of structural fund monies into new sustainable development funds within five years of the Millennium Helsinki Council of Ministers.

The principle behind EU funding in future must be no support without sustainability. Unless applicant groups or areas can show that support for them will contribute to each dimension of sustainable development, enhancing economic strength, social inclusion and environmental protection or improvement, then they do not qualify for funding. For example, an application for farm support or to the new rural development funds that involves surplus crops and does not involve landscape protection, wildlife protection and incentives for pesticide minimisation, should be rejected. To ensure accountability the award of EU funds should be confirmed only after scrutiny by the Parliament and by independent Sustainability Panels for each of the structural and cohesion funds, with members drawn from business, NGOs, national parliaments and the European Environment Agency.

"Europe's character as a learning network must come to the fore."

Such measures will go down badly with those receiving subsidy for undermining the environment and pursuing outdated industrial practices: so be it. Moving towards sustainable development is not all about win-win solutions. But recycling subsidy towards sustainable investment, employment and enterprise is the key to overcoming those dependent on current perverse subsidy regimes. They are in a minority and the EU can only gain, financially and politically as well as environmentally and economically, from eliminating self-defeating subsidies. An early move for the new Commission under Romano Prodi should be to set up a Task Force on Perverse Subsidies, staffed from business and NGOs as well as the Commission and Parliament, to report within six months on funding at odds with sustainable development and on ways to redirect the spending. Again, this is a measure that will win political capital for the Commission.

Fifth, carrots must be provided as well as sticks to bring about changes in behaviour by different actors. Thus the stick of environmental taxes, such as an EU-wide carbon tax, will on its own arouse huge opposition and lead to policy paralysis. But there is a huge body of work that suggests that eco-taxes are indispensable to tackling the problems of excessive production of waste and pollution and excessive demand for key resources⁴⁹. We urgently need ways to make eco-taxes palatable and to eliminate the regressive

effects of energy taxes on the poor. The EU and member states need to experiment with hypothecation, phasing-in periods, and time limits for new taxes in order to improve incentives for accepting policy changes.

The principle should be: no eco-taxation without hypothecation. A major proportion of revenues should be recycled to projects that will benefit those hit by the tax. Consumption taxes are regressive, and earmarking revenues to investments of benefit to the poor and to vulnerable business sectors is essential to counter this. Thus, as is widely accepted in policy thinking about eco-taxation, an energy tax needs to be balanced against cuts in social insurance payments by business, or to have its proceeds channelled into support for enterprises in renewable energy, recycling and cleaner production systems. And pesticide tax revenues could be made acceptable if they were recycled to subsidy for conversion to more labour-intensive and increasingly popular organic food production. Crucially, we need systems that recycle revenues to investments that will improve the quality of life and prospects of the poor. These include directing energy tax revenues into home insulation and improved social housing stock; into improved public transport; and into the 'green collar' job initiatives mentioned below.

At present, eco-taxes are made palatable around the EU by exempting from the levies the very groups whose behaviour we most want to change

“An early move for the new Commission should be to set up a Task Force on Perverse Subsidies.”

- such as intensive energy users in industry. This is pointless: hypothecation is the way ahead. A further carrot is the EU budget: large-scale reallocations, spread over, say, five years, of CAP money, structural funds and R&D support towards sustainable enterprises, technologies and land use, would be unpopular with some interests but would unleash new energies in many more areas.

Finally, there is the principle that the EU owes it to the developing world to show leadership in moving to a sustainable path of modernisation, to act as an exemplar of sustainable development, and to gear its trade, aid and debt relief programmes to help the poorest countries and fast-industrialising low income countries grow their economies without further ecological damage. The EU generates one-third of the world's greenhouse gases. It has grown rich by developing unsustainably; it has a responsibility to put the 'common European home and garden' in order and help low income countries do the same.

No exhortation without example-setting, and leadership in investment in cutting greenhouse gas emissions, are the key principles here. But generous practical aid is also essential: the wiping of the debts of the poorest countries in exchange for commitment to good governance and co-operation in developing sustainable environmental and social policies; and the transfer of green technologies and environmental policy know-how on a large scale to countries where energy demand is growing fastest.

So much for the principles and organisational implications of sustainable development as a

mission for the EU. Below we offer suggestions for how environmental policy, the most popular dimension of European policy, can be harnessed to help tackle the deficits of the EU. Europe's most obvious and best supported common cause can be a mine of resources for other areas of policy.

Environmental policy to overcome the environmental deficit

The EU has made a success of environmental policy in many ways. It has managed a relatively uncontroversial transfer of power from the nation states. It has begun to move away from measures aimed at cleaning up damage to the environment to more preventive strategies designed to minimise waste, avoid pollution, and protect important habitats and landscapes. It has begun to push for integration of environmental considerations into all areas of policy-making. It has succeeded in improving the quality of air, water and soils in many areas, and in reducing pollution of many kinds. It has also moved to a flexible style of legislation, setting goals and allowing considerable leeway to member states in implementation of directives.

But two key deficits stand out. First, policy implementation by member states is very patchy, and often follows recourse to the law. Second, little progress has been made in tackling the big problems of pollution and resource use arising from mass consumption rather than point sources of industrial production. Carbon dioxide emissions from transport and domestic energy use, nitrogen emissions from agriculture, household and municipal wastes, the pollution of foods - all are

diffuse pollution problems that regulators find hard to handle. Europe's greenhouse gas emissions, road traffic and overall energy consumption are all set to rise unless more radical policies are adopted.

Rather than finding new areas of policy to enter or making existing regulations more stringent, the EU needs to focus its energies on dealing with these deficits. Below we sketch ideas for how this can be done within a new Sustainable Development Strategy.

To tackle implementation, the European Environment Agency could be developed into a pan-European service for national inspectorates, providing consultancy, transfer of leading practice, and training and advice on enforcement of EU regulations across the Union. Enforcement via the threat of withholding release of structural funds should become a routine device for speeding up implementation. A further measure could be the allocation of resources to the unofficial enforcers of implementation - the NGOs. Environmental and social NGOs could bid for funding to act as local reviewers of implementation reports to the Commission from member states. Integration could also be speeded up by use of much tougher sustainability criteria for structural fund applications, and by better vetting of these, as recommended above. It would also be assisted by the formation of a Sustainable Development Unit in the President's Office, and of an overall European Sustainable Development Strategy into

which the next environmental action plan - the sixth - would fit.

The big problems of diffuse pollution and resource depletion need to be given top priority - above all, the threat of climate change forced by our greenhouse gas emissions. The EU agreed in 1997 at Kyoto to cut emissions by eight per cent on 1990 levels by 2008-2012, but its own projections indicate an overall six per cent rise⁵⁰. We know that the Kyoto targets for emission cuts by 2010 are neither adequate nor being pursued with vigour: cuts on 1990 levels of some 30 per cent by 2010 are needed to help mitigate climate change⁵¹. Here, traditional command-and-control regulation will not work. Instead, we urgently need to apply economic instruments - hypothecated taxes and charges as discussed above - and new forms of voluntary agreement to change production patterns. The Commission needs to bring key interests into consensus-building processes and establish covenants with member states, business sectors and other actors - as pioneered in the Netherlands and increasingly used elsewhere. These will set outcomes for the EU and act as formal voluntary agreements, allowing actors freedom to achieve the desired changes - but with the threat of legislation or new taxes if goals are not reached. Learning from the experience of such agreements struck between business and NGOs is important - for example, the innovative 'stewardship' schemes agreed by the Worldwide Fund for Nature with Unilever and other firms to promote sustainable harvesting of fisheries and forests.

Environmental policy to tackle the employment and inclusion deficit

The EU has much to be proud of in its record on promoting more equitable development across Europe, focusing aid on poor regions and achieving much for marginal regions. This approach is integral to sustainable development. We cannot expect poorer countries to accept curbs on business-as-usual without fair compensations in the form of assistance to move to new development paths. But the EU has an inclusion deficit despite many successes in regional policy. Millions remain jobless and the EU is studded with poverty-stricken, miserable, ugly, unhealthy and crime-ridden social housing estates and other excluded neighbourhoods. The task of improving the prospects for such areas has seemed insuperable: top-down regeneration promises far more than it delivers and rarely solves the main problem, the lack of jobs and meaningful activity.

The EU as a whole and national governments have yet to harness the power of environmental policy to create jobs and improve prospects for poor communities. Few successes would do more to restore public trust and support than major initiatives for job creation and tackling social exclusion. The debate on labour policy is polarised between proponents of an 'Anglo-American' way, characterised by flexible labour markets, and large-scale job creation by tightening welfare rules and encouraging low paid and insecure entry level

jobs; and a 'Continental' way - regulated labour markets with good conditions for those in work but higher levels of unemployment. Both approaches have obvious defects and neither has seized the opportunities for job creation on a massive scale offered by environmental investment.

A stream of studies - many funded by the EU - tells us that eco-taxes, suitably designed, and determined investment in recycling, energy conservation, cleaner production technologies and renewable energy sources can bring millions of new jobs as well as economic savings and environmental benefits⁵². A large pool of 'green collar jobs' can be created. Environmental investments can produce not only labour-intensive projects, but also benefits for public health (from reductions in badly insulated housing and cleaning up contaminated land in low income areas), reductions in crime and alienation in excluded communities, and savings in welfare payments as more people gain jobs and improve their health.

Estimates of potential job gains from encouraging much higher standards of energy conservation, much more intensive use of renewables, increased public transport use and promotion of environmental technologies and services are all in the hundreds of thousands at least.⁵³ Community-based recycling ventures could also generate tens of thousands of new jobs in low income areas, according to a comprehensive study recently completed in the UK⁵⁴. And green collar

“The EU has yet to harness the power of environmental policy to create jobs and improve prospects for poor communities.”

jobs range from low-skilled to high-skilled work - they represent an 'inclusive' potential rather than the 'exclusive' potential for more skilled job creation in the high technology information economy which has dominated debate on the future of work. Thus they are especially valuable for regeneration strategies in excluded communities.

If reports on these potential benefits for social inclusion of disadvantaged communities and for new jobs could generate sustainable development on their own, we would have no problems by now. A key blockage has been the reluctance of policy-makers to believe that so many gains could flow from environmental action. But the evidence of models and local project experience is overwhelming: such measures can bring benefits in terms of all the dimensions of inclusion - jobs, health, community pride and cohesion and crime reduction. Given the size of Europe's inclusion deficit we cannot afford *not* to find out how many benefits could come from scaled-up green collar job programmes and policy reforms to support them. The measures to accomplish this are clear:

- establishing energy taxes which favour renewable sources and recycle revenues from fossil fuel price increases into new structural and cohesion funds for insulation investments, green technology support and energy-saving systems;
- focusing insulation investments on the least efficient housing and other buildings in the EU member states and in the applicant states, with jobs allocated to local people through intermediaries such as the UK's Neighbourhood Energy Action;
- focusing money for infrastructural improvement on the most marginalised communities, with jobs allocated to local people, along with a considerable measure of control over spending priorities ceded to local self-management groups such as tenants' associations;
- targeting support for greener technologies on small and medium enterprises, which are recognised as the primary job creators in the modern economy;
- making green collar job investments a cornerstone of reformed structural and cohesion funds, especially in supporting sustainable development in high unemployment areas, notably in the vulnerable applicant states of the East.

Environmental policy to tackle the enterprise deficit

The EU needs more job creation, more successful SMEs, and more innovation in industry. Green industrial policies can help generate all of these, making a virtue out of the necessity of transition to a low carbon, minimal waste economy. Using low energy, low waste technology has many impacts on competitiveness. First, it improves the efficiency of resource use. Second, it can prevent pollution and waste at source - an advance on abatement technologies which clean up after the event. Third, it provides a large and fast-growing market for pollution control and inherently cleaner production systems. Estimates for the size of the global market for green technologies and services point to a value of some \$250 billion, growing by five to ten per cent per

year as new industrial countries seek to curb environmental damage and leapfrog the dirtiest phases of development, and as Western industries modernise their plant and products. Fourth, this sector is a major source of new jobs, as discussed above, in both high-skill and low-skill work.

But eco-efficiency will not on its own achieve the deep cuts needed in greenhouse emissions. We also need to embark on a long-term move to renewable energy sources and use of new technologies for 'zero waste' in the production and consumption cycle, to make a fundamental break with our high waste, high carbon economy. A strategy to take the EU into a low carbon, minimal waste, high tech industrial era will complement the weightless economy of knowledge-intensive services based on ICTs⁵⁵. Promotion of greener production and restraints on car use can accelerate the take-up of low waste and low energy products and processes which are based on computerisation and miniaturisation, and the use of IT for 'tele-mobility' as a substitute for much energy-intensive travel. Policy-makers in the Commission and across the member states have been rightly fixated on the importance for competitiveness of the new wave of information and communication technologies and Internet-based businesses. But the truly weightless economy of the sun and wind and energy savings is just as central to the future of jobs, enterprises and exports.

A new industrial strategy focused not only on the vital ICT sectors but also on the ecological modernisation of production can generate jobs, exports, greater efficiency and savings in energy, materials and costs. To tap the potential, we need policies to stimulate innovation and take-up of cleaner production measures. A mass of studies reveals that remarkable cost savings can be made by simple energy-saving steps; and that despite this, many companies are slow to take up cleaner production strategies because of inadequate signals from energy and material prices, market regulations and political leaders⁵⁶. An equally impressive body of theory and evidence shows that well designed environmental regulation can overcome these barriers and give a stimulus to innovation and greater competitive edge in manufacturing industries.

None of this is news to the EU. The 1993 Delors White Paper on growth, jobs and competitiveness made many of the connections in the above analysis. What we still lack is a determined targeting of significant sums - say at least 50 per cent of the EU's research and development funds - on fulfilling the potential. The EU's first Sustainable Development Strategy should set out a programme for promoting a new model of 21st century competitiveness based on high technology, high efficiency, low impact industries.

“Green industrial policies can make a virtue out of the necessity of transition to a low carbon, minimal waste economy.”

A covenant with industry on climate change should be proposed by the Commission. This would establish greenhouse gas taxes over a five-year phasing-in period, to be offset by cuts in social insurance levies and to be recycled into a Sustainable Enterprise Fund for support of SMEs in making energy saving investments, promotion of renewable energy, low energy appliances, low emission vehicle technologies, and so on. These taxes would rise each year after the phasing-in period, and would be intended to achieve much deeper cuts in emissions than were agreed at Kyoto in 1997. Revenues from energy taxation should also be used to provide incentives to consumers and to the energy efficiency sector. Eco-labels only take us so far: what counts to most consumers is the price. The way ahead must be to push for VAT rates that favour low energy appliances, energy saving products and services, and other measures which change the price signals to consumers rather than simply the labels on products.

Other sustainable enterprise policies could include:

- building support for cleaner technologies into all aid programmes, so that innovations are made available to lower income nations' industries and export opportunities are increased for EU businesses;
- developing the synergies between electronic commerce and sustainable development, in order to find ways in which increased use of IT

can substitute for some journeys and make distribution systems more efficient across the EU;

- integrating energy-saving criteria into building regulations and public purchasing rules across the Union.

Such measures will go far towards both cutting Europe's greenhouse emissions and boosting innovation and competitive capacity in the Union. The technologies are available or near-market, and the case for adopting them is overwhelming. As David Wallace argues, for business and economic policy-makers, *'Sustainable development should be regarded as a positive force... [It] provides an escape route from the reactive, crisis-driven policies of the past to a stable policy framework where the role of industry is clear. As this clarity and stability emerge... innovation is not far behind'⁵⁷*. A sustainable industry programme will create losers in energy-intensive sectors as well as winners in the new low carbon economy, but the gains outweigh the costs. We also have no alternative if we want an environment in the new century in which business can thrive.

Environmental policy to tackle the democratic deficit

The democratic deficit can be dealt with by many types of institutional change. But as argued earlier, reproducing traditional forms of representative democracy at the EU level is unlikely to work. MEPs are already at the limit, or beyond,

"The Commission could set up its own network of citizens' jury conferences to deliberate on how to handle complex risks arising from new technologies."

of meaningful delegation from constituents to representatives⁵⁸.

But is the democratic deficit mainly a crisis of representation? The gap that has opened up between the Commission and citizen is surely similar to that between voters and politicians at national level. It stems from the decoupling of elite preoccupations and indicators from the concerns of the wider public. This is not a mainly a problem of the form of politics, it is about its content and connection to citizens' lives, hopes and fears. What counts as economic progress for public servants and business leaders has not looked to many Europeans like contributions to their quality of life and prospects for a secure and satisfying future.

This suggests that we will not bridge the democracy gap in the EU simply by boosting the Parliament's powers or voting for the next Commission President. Rather, we will make more progress if we seek reforms which are about improving the connection between people and policy-makers. These will be reforms to promote participatory, deliberative forms of direct democracy. In this, environmental issues have a significant part to play.

Concerns about environmental risks have grown in Europe. The GM foods furore is the latest sign of this and it is certainly not the last. The political response - and the business reaction too from producers, though not from retailers close to their consumers - has been to regard the public's fears as irrational and give top-down reassurance that expert policy-makers know what they are doing. Across a wide range of issues, expert risk

perceptions and those of the public are far apart. If we are to avoid both running unsustainable risks and missing real opportunities from new technologies such as genetic modification, we urgently need ways of closing the gap. There is also a large gap between the public and environmental policy-makers on the big challenges of demand management. Only new forms of debate and participatory planning can help win more public support for restraints on car use and energy and waste reduction in the home.

Across Europe far-sighted businesses have recognised the need to bring the public and its informal representatives in the NGO community into stakeholder dialogues on the impact of innovations and business practice. And at local level many communities have experimented under the aegis of Local Agenda 21 with 'visioning' debates between local government and citizens, seeking a common view of future quality of life and how to improve an area's prospects. Policy-makers at the national and EU level now need to learn from the experience of such initiatives. Getting it right will help to show that politicians are capable of listening better to citizens, and of engaging in open debate on controversies to persuade people of the need for lifestyle changes and reforms in subsidy to industry.

Proposals abound. Leonard recommends 'People's Panels' in each member state to provide views to policy-makers about priorities and delivery of services, and advisory EU-wide referenda. But we also need two-way processes, so that citizens as well as decision-makers are exposed to home truths and risk analyses in ways that

conventional party politics avoids. A promising tool is the citizens' jury or consensus conference: deliberative processes in which citizens and experts are brought together to consider complex issues and reach a consensus on the direction of policy. Such devices are increasingly used at local and national level for deliberation and public education about questions of innovation and risk that cut across party lines and pose deep ethical dilemmas - nuclear waste disposal, use of new medical technologies, use of GM technology in foods, and so on.

Rather than focus solely on reinventing its own representative mechanisms, the EU should also promote such two-way techniques for contact between public and decision-makers, for learning and for deliberation about complex risks. Consensus conferences and juries could be funded at local and regional level across the Union in the run-up to the 2002 Earth Summit and in its aftermath. The Commission could set up its own network of citizens' jury conferences in member states and applicant states to deliberate on how to handle complex risks arising from new technologies. This network would be an essential source of guidance for policy-makers, and could be complemented by a Commission for Risk Assessment at EU level which would report regularly on environmental, social and economic dimensions of new and controversial technologies⁵⁹.

The Union's problems of lack of transparency can also be tackled indirectly, by developing

frameworks for sustainability reporting by public authorities and large companies. Already many corporations and public bodies report on environmental performance; some are beginning to do so on their social contributions. But we lack EU standards for measurement and reporting. The Commission could work with NGOs and businesses already active in this field to establish EU-wide guidelines for voluntary reporting, and promote wide take-up of this form of public accountability by corporations and government bodies at all levels.

Environmental policy and the EU's international deficit

Finally, what is the contribution that the green dimension of sustainable development strategies can make to the EU's international leadership deficit? The Union does not punch its weight as a force for international security, nor does it provide a distinctive democratic voice to complement and balance the power of the USA. The globalisation of trade and the extension of the powers of international agencies such as the IMF and WTO have largely reflected American interests and have not taken environmental sustainability and social justice properly into account. As noted above, the 'Washington Consensus' represented by bodies such as the IMF has begun to crumble as the ecological and social costs of globalisation have mounted. It is now plain that without environmental quality, greater equality for the poor, and good governance, economic

"Europe's leadership role must be as a builder of consensus and as a force for prevention of conflict. Such a role fits a chastened Europe at the end of its most violent century."

development cannot be sustained - whether in developing or industrialised countries.

This means that the EU has an historic opportunity to promote a greener and more equitable vision of development in the forthcoming debates on globalisation, trade and sustainability. These include the planned Millennium Round of negotiations on world trade rules; the 2002 Earth Summit; the Millennium session of the United Nations; further rounds of negotiation on targets for greenhouse gas reductions; further negotiations on the reduction of debt burdens for the poorest countries; and the widening of the G8 annual summits to include major developing countries.

The role of the EU must be to provide the scale and weight of economic and political power to counter that of the USA, to press for EU-US leadership in cutting greenhouse emissions and creating the low carbon, high tech economy we know can be built, and to resist where necessary American pressure for opening up markets to products that present risks to sustainable development - such as GM innovations in their present form. This is not to set the EU up in permanent opposition to the USA. But the direction of US policy for the past decade has been to ignore sustainability issues in pushing its trade policy agenda, and to fail to live up to its responsibilities to lead in action on climate change. The EU has the weight to push a sustainable model of development and to press the USA to change its policies and recognise its global responsibilities and long-term self-interest, above all in relation to

making carbon dioxide emission cuts.

There is a wider vision of Europe's capacity for international leadership at stake here. Some wish to see the EU develop as a military power, even as a countervailing superpower to the USA. But this does not fit the reality of an interdependent world, in which memories of Europe's violence to itself and its colonies are strong. Europe's best opportunity to project its power internationally is as a force for the prevention of conflict and for peace-keeping. This has a military element, but it also calls for economic power and political example to be used as a force for reducing the potential for conflict, social breakdown and ecological instability around the world, and as a means of exporting the values and policies essential for sustainable development.

Europe will do much for its own security and that of the surrounding world through generous economic and environmental aid to applicant states, to North Africa and the eastern Mediterranean, and to the Balkans and Russia. Measures to prevent conflict and economic upheaval in these regions and to improve their environment will be the best basis for long-term security for them and the EU. Setting an example internally is a precondition for improving the EU's chances of persuading the USA to follow suit. Europe's leadership role must be as a builder of consensus, exemplar and exporter of sustainable development, and as a force for prevention of conflict. Such a role fits a chastened Europe at the end of its most violent century. It calls not for the bold reassertion of European values but for the

assertion of universal ones based on a sense of heroic humility - a perspective that recognises the interdependence of societies, the need for tolerance and the rule of law, and the unsustainability of Europe's own industrial development.

As Gilles Andréani argues, *This project is, by its nature, universalist. Europe cannot...indulge in crude power projection elsewhere in the world, at the expense of the virtues of self-limitation, compromise and submission to the laws that underpin European integration. Rather, it must seek to export those virtues...That is why the priority for the European Union vis-à-vis the United States should not be to establish itself as a mirror power of comparable weight and style, but rather to help the US accept the multilateral constraints which are necessary for the co-operative administration of a global world⁶⁰.*

Policies for the EU's first Sustainable Development Strategy should include action on climate change, debt, aid flows and transfer of technology and know-how.

On climate change, determined action to meet agreed European greenhouse gas reduction targets, and longer-term targets for deep cuts, is necessary so the EU can press credibly for more radical action by others, including the USA. Europe should

take further steps to wipe out the debts of the poorest countries, since debt burdens make it impossible for them to make progress with sustainable development in any of its dimensions. Debt cancellation should be subject to the conclusion of sustainable development agreements with them for the reform of economic and environmental policy and for democratic reforms.

An EU fund - perhaps to be named the Prodi-Patten Plan - could be created from radical reallocation of the unsustainable budget elements of the CAP and structural/cohesion funds, to support adoption of environmental technologies and removal or improvement of polluting infrastructure across the applicant states, the ex-USSR and the developing world. Lastly, the EU should take the lead at the UN and WTO in proposing integration of sustainable development into international agreements on trade and investment. EU draft plans - such as a sustainable version of the rejected Multilateral Agreement on Investment - should be drawn up in partnership with European businesses and NGOs.

This illustrates the scope for the EU to be an exemplar and exporter of good practice, and a generous supporter of reforms in the developing world.

conclusion:

renewing the European Commons

This pamphlet has argued that the EU needs a revitalised sense of mission for the new century. The vision must be that of achieving sustainable development for Europe and exporting the values, policies and technologies to underpin it to the rest of the world. Renewing the European commons - the landscape, ecological resources, communities and the shared technologies and policies that protect and enhance them - fits the challenges of the next century and the nature of the Union.

We face mounting threats to environmental security and social cohesion from the damaging side effects of globalisation. Overcoming them, by humanising globalisation and harnessing its benefits, and providing an example to the world of democratic sustainable development, is an enormous challenge comparable with establishing peace, prosperity and democracy after 1945. As we have seen, the latter achievement seemed barely conceivable to George Orwell and other observers in the postwar years, yet it was done. The energies that fuelled that mission for European democrats have been largely spent. They need to be renewed, and the imperative of sustainable development is the force for this renewal of Europe's project of integration.

The citizens of the Union do not want this project to focus on concentrating more powers at the European level. We do not need more Europe from above, or more cultural uniformity than we have. The essential task is to harness the energies, skills, and imagination of all Europeans to improve the quality of life and to share the knowledge we gain with the rest of the world. The tools are not those of harmonisation of economies and currencies but of integration of environmental, economic and social policies. The outcomes are not about extending the traditional EU economic agenda but about overcoming its deficits - of lack of environmental integration, lack of job creation, social exclusion, lack of trust and accountability, and lack of international leadership. The values are not those of the economic policy elite but those of the European Enlightenment, chastened by Europe's experience of making war on its citizens and on its environment.

The learning we must do is not only technical and political but also emotional, about connections between people and places, our needs and those of the future, our health and that of the natural commons. The vision is not that of Europe as superpower but of Europe as an exemplar and partner in sustainable development for the world.

The guiding ethic is that of co-operation and interdependence: we can make a sustainable future only by working across national boundaries, sectors and cultures. The liturgy of the Christian Communion tells us that, *'though we are many, we are one Body, because we all share in one Bread'*. Sustainable development is a universal project that can adapt this fundamental message: *though we are many cultures, we have a common cause, because we all share in one Earth*. Sustainable development points us towards a set of goals which can unite Europeans and others in a shared cause which does not devalue diversity or downgrade local autonomy.

Echoing Orwell in 1947, we can easily draw up a list of reasons for dismay about the prospects ahead. The EU is constrained by the short-termism of member states and the political fear of the impact on voters of a carbon tax or tighter regulation of private car use. The performance of Europe's leaders since 1989 does not inspire confidence in their capacity for long-term vision beyond the traditional economic agenda. If the EU cannot rise to the challenge of sustainability, the outlook for the rest of the world is poor. But we should remember that Orwell's 'realistic'

pessimism proved wrong: the least likely outcome, from his perspective, has come true in its essentials. Europe has proved capable of an historically near-incredible achievement - overcoming its legacy of endemic warfare and demonstrating to the world the possibility of a democratic and ever closer union of co-operating nations.

In the next 50 years it needs to accomplish what seems now to be an equally unlikely feat - to overcome its legacy of waging war on the environment, and to demonstrate to the world the potential for states, communities and companies to collaborate in the immense and complex task of moving towards sustainable development. It is an inescapable challenge for the Union, and it is surely one which can provide it with much-needed inspiration and legitimacy for its second half-century. The problems in securing this change in the EU's direction are huge, but so are the opportunities it opens up. Sustainable development can bring us a better environment, more jobs, more enterprises, more democratic vitality, more security. It is the true common cause for 21st century Europeans.

notes

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Sustaining Europe by Ian Christie

European integration began after the war, inspired by a vision of peace, stability and prosperity on a ravaged continent. Its original aims have been achieved, even surpassed. It now needs a new mission to cope with the new challenges of enlargement, globalisation and environmental degradation. As it faces the next century it must revitalise itself. It needs a vision which will enable the Union to command consensus and to deliver real gains in quality of life. Sustainable development provides such a vision.

Sustaining Europe is a compelling analysis of the Union's identity crisis, and a convincing account of a mission that will help the EU sustain itself and its continent over the years ahead.