

***This "New Europe":  
Historic Policy Opportunities  
for Canada***

by Dr. Karl Henriques

January, 2005

Public Policy Paper 29

\$5.00; ISBN# 0-7731-0510-7



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***This “New Europe”:***  
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*SIPP Public Policy Paper No. 29*  
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ISBN#0-7731-0510-7  
ISSN# 1702-7802

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\* Assistant Professor, Department of Political Science, University of Regina, SK, Canada. Karl.Henriques@uregina.ca. In addition to the crucial, positive and supportive research environment at SIPP, and the excellent comments of the two anonymous reviewers, I would also like to express my deep and sincere admiration and gratitude for the patience that both Messrs. Raymond Blake and Ian Peach provided for the proper maturation of this work. Nonetheless, all opinions, errors and omissions remain those of the author alone.

## Introduction

Along with the rest of the world, Canadians today are living yet again through history-making and often unpredictable times. In only the past 15 years, we have experienced such dramatic events as the sudden end of the Cold War, with its division of the world into two binary ideological camps, the fragmentation of the world's second superpower – the Union of Soviet Socialist Republics – and the convergence of United States as the world's *hyperpuissance*; China's embrace of elements of a market economy and emergence as a formidable economic presence; the first major terrorist attack on the continental US, and the consequential dramatic awakening to the uncertainty of terrorism and its sources as the principal security threat to even the most highly developed liberal democratic systems.

In 2004 alone, most Canadians, many Americans and much of the world looked on with deep concern as a yawning schism in the American populace for and against the foreign and domestic political, social, and economic policy approaches of the George W. Bush administration was confirmed (Johnson 2004; Ikenberry 2004, 2002; Welsh 2004; Axworthy 2003; Barber 2003; Mann 2003; Todd 2003; Kupchan 2002). November 2, 2004 resulted in the re-election of Bush, and of another Republican-dominated Congress while Republican appointments will also soon not simply dominate, but fully overwhelm, the makeup of the US Supreme Court bench, the last branch of a governmental system premised on the separation of powers. Along with the rest of the world, Canadians will be required to contend with the regional and international implications of an even more self-assured and empowered Bush administration.

While such trends and events captivate a majority of the world's attention, another, perhaps even more historically important, event is unfolding on the other side of the Atlantic with far less theatre. An enlarged and politically and culturally very different, European Union (EU) is emerging as a major presence on the geopolitical and geo-economic scene.<sup>1</sup> As early as 1996, a Canadian Senate Committee had taken note of this trend. The Committee's report emphasized, "no longer content to remain 'an economic giant but a political dwarf,' the EU [has] set out boldly to remodel its political structure" (Standing Senate Committee 1996, 3).

A major reason for the EU's profound reforms stem from its May 1, 2004 enlargement from 15 to 25 member states (MSs), increasing its populace to 455 million citizens. The next month (June 18), unanimous agreement was reached by the political leaders of all 25 MSs to Europe's first comprehensive "European Constitution".<sup>2</sup>

The purpose of this paper is to examine the extent to which Europe has profoundly reformed and perhaps strengthened its constitutional structure since that 1996 Senate Report on Canada-EU relations, and consider various policy opportunities for Canada that such a new, and differently-oriented, international actor presents. Part I of the paper provides a brief overview of the efforts that have been made to strengthen Europe politically since 1985, as well as an overview of the essential elements of the current policy- and decision-making structure of the EU. This Part also describes and assesses how the newly constitutionalized European architecture will provide both clearer direction and norms to governmental actors and clarify some of the major new political institutions, relationships, and decision-making mechanisms that have been agreed upon to help determine the internal and external policy direction of the EU. I note how the EU continues to improve on perhaps the greatest source for its medium- to long-term prospects for becoming a major global actor: its meta-process politics.

Part II of the paper is devoted to considering certain policy options and orientations that are becoming more viable for Canada in light of this new Europe. The privileged political and economic position that Canada holds towards the new Europe is also highlighted. Overall, Part II helps illustrate Europe's considerable interest in, and capacity for, working closer with Canada as a strategic and rule-promoting international partner, by reference to the context and substance of the most recent and significant Canada-EU agreements.

I conclude by suggesting that Canadian policy-framers may have a great deal to gain through such European interest in Canada and, consequently, may wish to better understand the character and implications of this "new Europe"<sup>3</sup>. As a middle-power on the world stage, living beside the world's only superpower, the predominant strategic objective for Canadian foreign policy should be to deepen other interests- and values-based economic and political partnerships, as the basis of any degree of self-

determination of one's political and economic future relies on having more than one major “partner”.<sup>4</sup> Becoming a closer, values-based, economic (especially in terms of investment) and political partner with the European Union could also be an extremely helpful means to encourage, and even judiciously pressure, various American administrations to (re)integrate themselves into a more constructivist, rules-bound, multilateral framework.

## **THE POLITICAL STRENGTHENING OF EUROPE**

### ***The Incremental Path to Strengthening Europe and the New Constitution***

The general process of strengthening Europe began shortly after the Second World War, amid the ravages that nation-states there had inflicted on one another. This strengthening process began with very basic objectives: it sought, first, the economic reconstruction of post-war Europe, and, second, the gradual creation of a unified region promoting stability, economic prosperity, and democracy, in order to prevent the rise of non-liberal-democratic regimes and further armed conflicts on the European continent.

Towards those ends, six countries – France, Germany, Italy, Belgium, the Netherlands and Luxembourg – took the lead, through the 1951 Treaty of Paris, to establish the European Coal and Steel Community (ECSC). Such coordination of activity in these two important industries was the beginning of an incremental strategy to have the formerly antagonistic nations increasingly work together. While behind this early initiative was a deeper political aspiration by many to provide “the foundation of a European federation”, in the early stages, Europe focused on its economic consolidation (Wessels, Maurer, and Mittag 2003, 21).

These early efforts at economic redevelopment through integration were so successful that on March 25, 1957, the original six ECSC members signed the Treaty of Rome establishing the European Economic Community (EEC). As with the 2004 European Constitution (which will be examined shortly) the EEC treaty was different from the constitutions of nation states in that it had a good deal to say about policy, especially in the case of the EEC treaty, economic policy (Nugent 2002, 38). On the other hand, the EEC treaty was similar to national constitutions in that it identified the main objectives, horizontal and

vertical powers and institutions of the three Communities, including a Council, Commission, Court, and Assembly. Articles in the treaty specified the powers and some of the decision-making procedures of these institutions.<sup>5</sup>

Despite the various economic problems that gripped the European continent (along with the rest of the world) in the 1970s, more countries applied to join the European Community, with Greece, Spain and Portugal increasing the EEC membership to 12 by 1986. Under the extraordinarily principled as well as pragmatic leadership of European Commission President Jacques Delors from 1985, a White Paper setting January 1, 1993 as the target date for a truly single European market were finally negotiated and codified in the Single European Act (SEA).

The SEA introduced important provisions on the legislative decision-making process for the 12 MSs by introducing Qualified Majority Voting (QMV; see further elaboration below). This removed the ability of certain MSs to veto majority wishes to harmonize certain areas of legislation in the EEC. With the SEA favouring national regulatory approaches to implement European legislation, it also smoothed the way for a more speedy construction of the single market.

The significant historical events taking place at the time (the fall of the Berlin Wall, unification of Germany, dissolution of the Warsaw Pact) necessitated the radical revision of the founding Treaties of the Community to facilitate its overall adjustment to the new world reality. In addition, the prospect of the single market increased the perceived need for economic and monetary unification. The Maastricht Treaty creating the European Union – signed on December 10, 1991 – addressed many of these issues.

The single market came into being in 1992. That same year, the 12 MSs also agreed to establish a binding monetary union, with the euro as their single currency. At the same time, a Common Foreign and Security Policy pillar was developed to strengthen the influence of the EU internationally. Two years later, the Treaty of Amsterdam complemented the Maastricht Treaty by revising and strengthening the Union's policies and governing instruments in fields such as employment and foreign policy. Following the accession of Austria, Finland and Sweden in 1995, the European Union now had 15 MSs. In 1999, Economic and Monetary Union (EMU) came into force with the participation of eleven MSs. Greece

became the twelfth participant one year later. On January 1, 2002, the twelve MSs withdrew their national currencies and adopted the new common European currency.

A wave of new applications for EU membership came from the Central and Eastern Europe countries (CEEC) after the fall of the Soviet Union. Even though Germany – the Union's largest net financial contributor – was continuing the enormous €100 to €124 billion per year investment (the equivalent of financing an entire Marshall Plan every year since 1991) to re-integrate the former German Democratic Republic, the Union agreed upon the moral obligation, political pragmatism, and economic benefits of enlarging itself. As a consequence, in October 2002 the European Commission concluded accession negotiations, and in May 2003 in Thessaloniki, Greece, the European Council accepted ten new countries into the Union: the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. They joined the European Union as full members on May 1, 2004.<sup>6</sup>

Nevertheless, much more wide-ranging and profound institutional changes were seen as essential for the new Union to survive: a Union initially created for only six members would not be capable of functioning properly when its membership quadrupled (Caporaso 2000, 42). As the first step, the European Council concluded the Treaty of Nice in December 2000. That Treaty contained a series of institutional reforms aimed at improving the smooth incorporation of the new MSs in the structure of the Union and allowing greater efficiency and democracy. In order for the increasingly heterogeneous EU to improve its twin requirements of input legitimacy, on the one hand, and output legitimacy, on the other, European heads of state and government undertook the next major reform when they requested a Constitutional Convention to embark on a thorough re-examination of the entire European system of governance between 2001 and 2003. Before addressing in detail the reforms contained in this new Constitution – signed on October 29, 2004 by the political leaders of all 25 MSs –, it is necessary to take a brief look at the current institutional structure of the EU.

### ***How the EU Works: Its Current Governing Structure***

The European Union's political structure is considered to be the most complex in the world. Thus, a general overview of the major EU bodies and institutions that have influence on the administrative, political, legal, economic and monetary agenda of the Union is necessary to understand the principal roles, functions and distribution of powers in the EU.

The current European policy-framing and legislative process involves a dual executive: an administrative executive, in the form of the European Commission, and a political executive, the Council of Ministers. The Council must increasingly co-legislate with the European Parliament (EP), after input from the European Economic and Social Committee and the Committee of the Regions. Since 1999, the European Central Bank (ECB) contributes financially to the cohesion of MSs and determines the Union's monetary policy. Final oversight and adjudication concerning the constitutional system is provided by the Union's supreme court, the European Court of Justice (ECJ). Below, I focus on the first three institutions, which are those most directly involved in the policy-making and legislative process, as well as the increasing role of the European Council.

The European Commission has been in the front lines of legislative action as "the executive civil service" of the EU (Hix 1999, 38). It has a dual role as the EU's official civil service and as the body which possesses the sole right of initiative for new legislation. It is well understood practice that such legislative proposals should be made only after the most extensive dialogue and consultation with all key social, national, and institutional actors potentially affected.

The Commission plays the role of the administrative executive and is now composed of 25 independent, supranational Commissioners, one from each of the MSs. It makes ongoing proposals for legislation, has a large administrative body (the Directorates-General (DG)) to help monitor compliance with the Treaties, Commission directives and regulations, and Community laws, and administers certain extremely important common EU policies, such as the Common Commercial Policy, as well as negotiating on behalf of the whole Union on matters of international trade. Nonetheless, the Commission

is bound by the subsidiarity principle (see below) to leave the implementation of specified policies to the national- and subnational-level administrators.

The Council of the European Union, more commonly known as the Council of Ministers, or simply the Council, is made up of one minister from each MS government. Which minister attends a meeting depends on the policy area under consideration; for example, the Council of Environment Ministers is made up of the 25 Ministers of the Environment. The Council reviews and may redraft or adopt Community legislation initially proposed by the Commission. The Council makes final decisions (increasingly with the European Parliament) on laws to be applied throughout the Community. However, the Council attempts to make these final decisions only after intensive deliberations, with a view towards achieving consensus in the Council, as well as with the other two bodies of “the institutional triangle” (the Commission and the European Parliament).

The Council seeks to decide issues by consensus, but, since such consensus can be difficult to achieve, most decisions are actually based on a qualified-majority voting (QMV) system. QMV (where the votes of the MSs are weighted *grosso modo* according to their population and a large majority is needed for decisions to pass: more on QMV below) is used on a number of important issues. Also, each government in the Council currently chooses its members for the Commission, and the governments collectively nominate the Commission President

The other chamber in the EU legislative process is the European Parliament (EP). This is the institution with the legitimacy and treaty-based power for “co-deciding” much of the European-level legislation (that is, its agreement must be obtained along with that of the Council). What makes the EP most significant is that it is the world’s only directly elected, international, representative institution. With the addition of 10 new member states, 732 (up from 626) Members of European Parliament (MEP) were elected on June 2004 to continue exercising representative “democratic control” at the European level. Its members are elected every five years, largely by a proportional representation electoral system.

Finally, but by no means least, the European Council is made up of the heads of state or government of the MSs and the President of the European Commission. This Council decides on the

broad policy directions and determines the “extraordinary agenda” for European policy. The European Council meets at least twice a year (usually at Intergovernmental Conferences (IGCs)) and takes the central role in the political leadership of the EU, by guiding the work of the Council and the Commission and setting the overall medium- to long-term objectives of the Union. An example of this overall framing role is seen in the variety of decisions made at any European Council meeting, set out in the “Presidency Conclusions”.

### ***The New European Constitution***

The new Constitution has four Parts, preceded by a Preamble. Similar in structure to many other liberal democratic constitutional documents, the first Part defines the objectives, the powers, and the institutions of the Union. The second Part includes a Charter of Fundamental Rights, while the third deals with the policies of the Union, and the fourth lays out general orientations.

The Preamble establishes the fundamental values of the Union as “respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights.” In a nod to its *de facto* federal character,<sup>7</sup> the Preamble solemnly declares that Europeans are convinced that “the Union is united in its diversity”, and that the European Union offers them the best chance of achieving the highest aspirations for both “the citizens and States of Europe”. The Union is to work for a Europe of sustainable development, notably founded on “a social economy within a highly competitive market” which will seek to “fight social exclusion and discrimination” (Preamble).

The actors and institutions of the Union are directed to respect the fundamental constitutional structures of MSs and local and regional self-government, as well as safeguard the general interest. Nonetheless, the Constitution gives the Union legal personality and declares the supremacy of EU law over national law (I-10). With a single legal structure, the EU will have the power, authority and cohesion to negotiate and sign international treaties and trade agreements (for instance, with the World Trade Organization) which fall within its jurisdiction, instead of requiring all the Union’s MSs to negotiate and sign separately (I-6, I-39, I-40, I-41).

The Constitution vastly simplifies the basis of EU law. It incorporates and consolidates all of the rights and obligations of the EU and EC, and all of the five preceding Treaties mentioned above (Rome 1957, the Single European Act 1986, Maastricht 1992, Amsterdam 1997, and Nice 2000), and reduces the current legislative devices of twelve to six legal measures –laws, framework laws, regulations, decisions, recommendations and opinions.

### ***Key Institutional Developments***

One of the most important institutional developments is that there will now be a permanent *President of the European Council*. Thus, an individual will take over the presidency of the Union, rather than a country, and there will come an end to the six-month rotating Presidency of the EU. The position of President will provide a central figure capable of performing the necessary early and ongoing, as well as last-minute, consulting, negotiating, and consensus formation tasks with the leaders of the MSs, as well as helping to frame and see through a long-term, cohesive, and strategic agenda with the particular national and political interests of the MSs in mind. (This position and mandate is intended to compete somewhat with the Commission's formal mandate to frame and make legislative proposals with a supranational, European, long-term perspective.) Such an office will offer additional benefits at two levels: for a domestic audience, it provides a more visible symbol of the policy presence and activity of MSs in the European decision-making process; and for an international audience, it provides a more visible symbol of the policy presence and activity of the EU in global affairs.

The role of establishing a more visible symbol of the policy initiatives and activity of Europe in global affairs, however, will be largely filled by the new *Foreign Minister of the Union* (I-27). The new figure will significantly increase the cohesion of EU foreign policy by combining the current roles of the European Council's foreign policy representative (currently Javier Solana) and the external affairs member of the Commission (currently Chris Patten). While the EU's foreign, security, and defence policy will achieve far greater cohesion, the latter two areas will still be largely subject to a national veto.

This European Foreign Minister will considerably increase the presence of foreign policy issues in the heart of the European policy-framing and decision-making bodies. This figure will command significant legitimacy and be very active, well-situated and well-informed; as such, he or she will be very potent. He or she will sit as Foreign Minister for all the MSs of the Union; will be elected by the European Council, and privy to its meetings; will chair the Foreign Affairs Council, and will sit as a Vice-President and one of the voting members in the European Commission. This Super-Minister will, therefore, have a commanding knowledge and understanding of, perhaps, the broadest range of horizontal and vertical policy concerns and recommendations.

The position of the (supranational) *President of the European Commission* was also strengthened. In the end, the Commission maintains its formal monopoly over initiating European legislation (I-33 and III-302), while the Council of Ministers and European Parliament may call for legislation, but not propose it (I-33 and III-302). The initiative powers of the Commission for commercial and trade policy, the customs union, and the conservation of resources means the Commission remains a powerful institution.<sup>8</sup>

Both the European Parliament and National Parliaments have had their hands strengthened in the legislative process. The *European Parliament* has won a much more prominent role in the framing of laws in the new Constitution. The Parliament will have a right of co-legislation with the Council of Ministers across a much broader spectrum of policy areas; these will cover 95% of European laws, including justice and agriculture. Also for the first time, national Parliaments will act as a so-called Early Warning System, with the right to review proposed EU legislation and raise objections if they determine that national interests are endangered or the institutions of the Union have proposed legislation that is *ultra vires*.

While the constitutional text maintains a form of division of powers (exclusive powers to the Union over monetary policy for the countries that have adopted the euro, commercial policy, the customs union, the conservation of resources from the sea, etc., (I-13)), the areas of shared powers have been significantly enlarged. These shared and overlapping areas of jurisdiction include the internal market, security and justice, agriculture and fishing, transport, energy, social policy, economic cohesion, the

environment, consumer protection, research and technology development, development cooperation and humanitarian aid (I-13). In addition, there are areas for complementary coordination (industry, health protection and improvement, education, professional development, culture, and civil protection (I-16). It also mentions the Union's role in helping to coordinate economic and employment policy as well as external and common security policies (I-14).

Many Eurosceptics were looking for the powers of the EU to be cut down to a bare minimum and for the powers of the states to be more clearly defined. While the powers of the EU were not pared down, several concessions were made to the Eurosceptics. For instance, in the *Protocol on Subsidiarity and Proportionality*, the doctrine of subsidiarity is enshrined; that is the principle that the Union is subsidiary to MSs and can act only in those areas where “the objectives of the intended action cannot be sufficiently achieved by the MSs but can rather [...] be better achieved at the Union level” (Art. 2).<sup>9</sup> The Protocol seeks to entrench the rule that the Commission must show how all its proposals are consistent with the subsidiarity principle, and must substantiate this demonstration with “qualitative and wherever possible quantitative indicators” (I-9.3). In addition, the principle of proportionality – that is, that legislators should not do more than necessary to achieve the Union's objectives – is also given its own clause.

### ***Decision-Making Rules and Political Flexibility Mechanisms***

Another important advance towards more effective governance in the Union came with a change in the scope and nature of the decision rules used in the Council. First, in terms of policy scope, all but the most sensitive EU decisions are to be decided by a majority of MSs. More precisely, the Council will now pass most legislation that will apply to all 25 MSs on the basis of a simple double majority system: a majority of the MSs and of the people. A normal vote will require the support of 55% of the MSs (or 15) representing 65% of the population. The number of policy areas moving to the double majority voting system will almost double, from 36 to 70, including areas as important as agricultural policy, regional funds, asylum policy, and the reform of institutions. As well, energy and space exploration are two new areas. In short, QMV will be used across the board unless the Constitution states otherwise (I-24). This

will extend EU procedures into even more areas previously reserved for intergovernmental bargaining and nation-state level decision-making.

Second, the changed nature and definition of QMV is a significant improvement in making the decision-making system not only more efficient, but also more democratically credible. It balances the disproportionate voting weights agreed upon at the Nice IGC in 2000. In that system, for example, Germany has 29 votes when laws are decided (as do Britain, France and Italy with their collective 60 million fewer citizens), and Spain and Poland each received 27 votes even though they have half the population of Germany.

Finally, a new, important, and unanticipated “Deepening Clause” (*passerelle*, “switchover” or “Bridge Clause”, IV-7a; I-39.8; I-54.4 III-63) allows the European Council to agree, by unanimity, to let QMV – the ordinary legislative procedure – prevail in policy areas currently subject to the unanimity rule. This clause provides the European Constitution with a more flexible formula to amend the jurisdiction for policy areas, by eliminating the need for recourse to further ratification procedures.

While the new Bridge Clause mechanism allows for a somewhat more flexible Constitution, it does not, strictly speaking, fall under the rubric of what is known in Europe as “political flexibility”. *Political flexibility* refers to the possibility of a number of MSs deepening cooperation on policies and projects without others, provided certain rules are met. As would be expected in any (federal) union, the notion of political flexibility has always been a sensitive subject in discussions about the means to advance the European Union. However, in institutional terms, the notion, functioning and potential implications of flexible integration mechanisms are increasingly significant to the widening and deepening of Europe.

Before the advent of political flexibility, common objectives were sought in unison, and either all MSs would be involved in a project, or a project would be shelved. However, with bolder initiatives, enlargement, and the increasing diversity of the Union since the late 1980s, the mechanisms of political flexibility have become increasingly present and refined.

Although political flexibility is not a new concept or even tool in the process of European integration, there are “old” and “new” forms. Many of the older forms of flexibility were established as “opt out” or derogation protocols. For instance, the first use of these protocols occurred with the opt-outs of the United Kingdom and Denmark from the Social Charter in 1989, as well as the single currency and the Economic and Monetary Union integration projects; the opt out of the UK and Ireland from the Treaty titles on visas, asylum, immigration and other questions relating to the free movement of persons; and the Danish opt-outs from the rest of the Union’s cooperation on defence, citizenship and police. The old forms of flexibility have mainly been used in very “ambitious” integration projects, where a political will existed for most, but not all MSs of the Union, to advance together (Stubb 2003, 9).

While the older opt-out and “closer cooperation” flexibility mechanisms have not been abandoned (including the very useful but more limited “Constructive Abstention” voting mechanism, I-58.5 III-201.1; III-244; III-246.3), the character of flexibility has been enhanced since the Treaty of Amsterdam with new enabling clauses. The new European Constitution also expands flexibility to more domains and loosens the strict conditions, which could trigger its use.

One of the most important forms of political flexibility for more major policies and projects is that of Enhanced Cooperation (I-43). Under the Enhanced Cooperation provision of the Constitution, it is now easier for a group of MSs to use the institutions of the European Union to push ahead with a significant project or policy that not all MSs are either willing or able to pursue at a particular time. Under this mechanism, MSs cannot block or veto the “enhanced cooperation” of others.

Enhanced Cooperation has now been refined in the Constitution to include both general enabling clauses (I-43.2.3, I-43, and III-322 through III-329) and clauses specific to particular policy areas, such as justice and foreign and security policy issues (called Structured Cooperation, I-17). This latter enabling clause, for instance, permits the implementation of common foreign policies, allowing even a limited number of MSs to undertake joint actions and common policies under EU auspices (excluding military and defence matters) without the involvement of all.<sup>10</sup>

### ***A Crucial Governance Innovation: Process Complementing Institutional Politics***

Let me take the focus away from the letter of the European Constitution and its formalized efforts to delimit, check and balance the institutions and governments of the Union for a moment, to consider the less apparent political practices, orientation, culture, and spirit that is reflected *by* the Constitution. Profound shifts in European norms and practices over the past 50 years have informed and reciprocally aided in the development of much, if not all, of the institutional reforms witnessed above.

From the more to the less abstract level of analysis, Europeans appear to be shifting from a dualistic to a more fluid and multifaceted view of the basis of problems and solutions; from a separate and individual to a more connected and intersubjective way of being; from a largely nationalist to a more postnational, European and even international source of identity and political culture; and finally from a largely friend/foe, ideological and closed basis for political judgement to a more philosophic, open and deliberative one (Halberstam 2004; Risse 2002; Eriksen and Fossum 2000; Habermas 1999). As a consequence, they have developed a more reconstructive, deliberative, flexible, but nonetheless transparent and accountable political relationship with each other.

Europeans have managed to craft their institutional arrangements and tools to support and encourage the basic values and objectives found in the new Constitution, notably European norms that encourage a respectful, intersubjective, deliberative, and constructively dynamic relationship in the social and political system. As Habermas (1999) would put it, there is perhaps, above all, an increasing European “Constitutional Patriotism” which views as supreme certain traditional – and refined – liberal principles. Europeans have become constitutionally or fundamentally patriotic towards such principles as the centrality of preserving human dignity, international cooperation, protecting and even cultivating minority opinions in a system where the majority rules, ensuring that the law rules rather than men, tradition, dogma or coercion, and ensuring that the public, and the force of the better argument, is the basis to resolve conflicts and determine the validity of laws and the structures on which the political and legal systems rest.

Since Europeans have been both inveterately and intellectually inculcating the above norms and practices of openness, mutual cooperation, respect and consensus formation in their relations with each other, they now appear to have made additional efforts to institutionalize the means to maintain and augment such ways of being in their system of governance. In order that these principles become and remain a norm in their polity, Europeans have institutionalized fora and mechanisms that encourage them to work through and respect the strong preferences of others – without bringing the system into deadlock. They have institutionalized multiple opportunity structures for the consultation, deliberation, negotiation and decision-making on proposed laws. They have enhanced these opportunity structures in both the pre-decision-making and the decision-making stages.

In the pre-decision-making stage, they have enhanced the horizontal and vertical opportunity structures for deliberation and negotiation: horizontally, through inter-institutional policy development, or through the Conciliation Committee (III-302.10-12); III-310.5; and vertically, with the new role of National Parliaments. They have also created opportunity structures between the system of governance and society with provisions in the Constitution requiring the Commission to consult with a broad range of actors and institutions, such as institutions concerned with conditions of employment (III-333); management and labour (III-105); parties concerned by Union acts (I-46.3); and workers (II-27; III-104.1e, and the provision for Citizen Petitions).

A second set of opportunity structures to help apply the constitutional norm of respect for the strong, yet divergent, preferences of Europeans are found in the decision-making stage. This is seen in the ability of willing and able federated units to deepen the integration process in a broader range of policy areas, and others to abstain either as a single unit, through the mechanism of QMV, or as a variable set of federated units, using the mechanisms of political flexibility.

Therefore, to complement some of the more traditional governance characteristics, as well as some of the many innovative relations, policy-framing and decision-making processes mentioned above, the EU continues to improve on perhaps its strongest feature: its meta-process-politics. In other words, the EU stresses the importance of its fluid – but at the same time now more transparent and accountable –

processes to allow for and encourage re-constructive self-criticism and reflection, with the objective to auto-correct, deepen and hone its governing system and policies. The EU's willingness, and now more institutionalized ability, to encourage such a form of meta-politics is also perhaps the greatest source for its medium- to long-term prospects of continuing to become a dominant global actor (Rifkin 2004, 223).

Naturally, for outside observers, such a comprehensive governance system – being both flexible *and* structured – may lead them to believe that Europe represents many different faces depending on changing conditions and circumstances, and this is true. The EU has this dynamic, yet more transparent, representative, and accountable character for very solid reasons: it has developed over time the administrative and governmental understanding and *ability* to continuously re-adjust itself in the face of ever changing regional and global conditions.<sup>11</sup>

As an interim conclusion, for those willing and able to track its multilayered transformations, Canada and the world are looking at a continent-wide system of governance possessing, and even improving on, many of the characteristics of any liberal democratic nation-state; this makes it one of only two major global blocs upholding liberal democratic values. Irrespective of the outcome of the ratification process for the Constitution by parliamentary or referendum vote in the individual member states, the EU will find itself with a constitutional system that gives it more than the basic requirements to be a much more effective – and not simply efficient – international actor. Specifically, with its constitutional improvements in place, there will soon be an increase in both the internal and external policy-framing and decision-making capacity of Europe (Bretherton and Vogler 1999, 37-8).

## **CANADIAN POLICY OPPORTUNITIES IN LIGHT OF A STRONGER EUROPE**

### ***The EU as the Other, Quieter, Emerging Global Economic Giant***

While we are witnessing the birth of a new political entity, we should also remind ourselves, particularly as Canadians, of the extent to which the EU has also become, without fanfare, an enormous commercial force on the world scene. With 455 million people, the EU represents nearly 7% of the global population. While still fewer in number than China and India – each with a population exceeding one

billion – the EU already significantly exceeds the population of the US, as well as Japan (with 293 and 120 million citizens, or 4.6 and 2.1% of the global population, respectively).<sup>12</sup>

The European Union is now the largest internal single market, the largest trader of goods, and the largest trader of services. In the year 2000, the EU accounted for €90.8 billion, or 24% of the total world trade in services, compared to the US, who ranked second with €50.9 billion and a share of 22%. Japan was a distant third, with €21.6 billion and an 8% share of the global market. Moreover, unlike the US, which runs on a trade deficit and imports more than it exports, the EU exports more than it imports.

The Union's Gross Domestic Product of US \$10.5 trillion in 2003 already exceeds the US' \$10.4 trillion GDP, and is more than 6 times larger than China's. Even this \$10.5 trillion figure may mask additional economic strengths, compared to the US in particular, that are not accounted for in rather dated GDP accounting methods. In sum, the EU's GDP already comprises nearly 30% of the GDP of the world, making the European Union a formidable presence in the global economy, especially when compared to the US.

Also, as was long considered possible, the euro is poised to challenge the US dollar as the dominant global reserve currency, and faster than expected (Portes and Rey, 1998). It succeeded beyond even the most optimistic projection of its supporters and is now stronger than the dollar and is becoming its rival in world financial circles. It is certainly worthwhile to underline the remarkable credibility of the euro and its governing institution, the European Central Bank. As the new President of the ECB gushed in his first report in October 2004, "Neither the ECB nor the euro existed six and a half years ago! And yet by 2004 the euro is as stable as were the best national currencies in Europe", including the Deutschmark, and the new Central Bank is as credible as were the most credible national Central Banks in Europe and in the world (Trichet 2004, 1).

Beginning specifically with Europe's economic and fiscal policy, Jean-Claude Trichet highlighted, in his bellweather report, three indicators of the credibility of a consolidated, European-wide economic and monetary union. In the first five years of the Economic and Monetary Union the typically structured, but nonetheless process-oriented economic governance system in the EU helped to rapidly

deliver both economic growth and stability. The so-called Stability and Growth Pact – reflecting and embodying both the non-interventionist (German), as well as the more politically interventionist (French) macroeconomic governance approaches within the Union – and multilateral surveillance by the Commission have played key roles in maintaining the deficit levels of the member states well below those previously known during economic slowdowns.<sup>13</sup>

Secondly, the value of the euro can be appreciated from an internal point of view – price stability- - or from an external point of view – the exchange rate. From an internal point of view, the ECB’s role of maintaining price stability – re-established in the Constitution – based on the German *Bundesbank* culture of macroeconomic stability, has made the euro a “strong” currency, in the sense of maintaining its internal purchasing power. As for its external value, in February 2004, the euro was thought to have peaked at a level of \$US 1.26 (Trichet 2004, 6; OECD 2004). However, at the time of this writing (January 12, 2005), the euro was already trading at \$US 1.326.<sup>14</sup>

Thirdly, since its introduction, the euro has firmly established itself as the second most important international currency on international financial markets. On the international debt markets, for instance, the euro’s share has increased from around 22% in 1999 to around 30% in 2003 (Trichet 2004, 4): a good sign of confidence in the new common currency. In international trade, the euro is widely used as an invoicing and settlement currency. It is noteworthy that about 50 countries have an exchange rate regime linked to the euro. Its stability-oriented and credible monetary framework makes the euro an attractive anchor currency, which, in turn, allows the pegging countries to import some of this stability (Trichet 2004, 7). From the negotiation and decision by the European Council to go ahead with the EMU, to its smooth and successful implementation in such a short time, a number of observers have called the successful implementation of the last two phases of the EMU project the most important logistical endeavour in a time of peace (Almunia 2004).<sup>15</sup>

Yet even this extremely impressive political and administrative achievement is only one of countless other examples that counter the often repeated and misleading opinions spread in much of the Anglo-American press concerning the purportedly inefficient political and administrative system of the

European Union. While such misrepresentation of the actual economic and political effectiveness of the EU is understandable as a propaganda tool by those who wish to misrepresent the will and ability of the EU, they have had too influential an effect on policy framers, who should be more inclined to base their considerations of political and economic state and sub-state policy opportunities on more factual, accurate, and balanced assessments of the European condition.

### ***Common and Complementary Values-Based Approaches to Foreign Policy***

As with their astonishingly bold, results-oriented, wide and deep agenda for, and implementation of, domestic reforms on the continent, Europeans are reaching out to establish wide-ranging, and, where appropriate, much deeper bilateral, multilateral, and international political and economic agreements. Some officials in the Canadian government and the EU recognize the extraordinary opportunity for Canada to develop a vastly wider and deeper set of domestic and international political and economic options that arise from the impressive enlargement and constitutional strengthening of the European Union and the EU's consequential capacity to act as a unified, coherent, and open global actor.

Canada is most fortunate that there are far more centripetal than centrifugal forces available with which it can cultivate its relationship with the ever-increasing economic and political actor that is contemporary Europe. These forces include our largely shared civilization, history, political culture and values; our domestic conditions and political and economic systems; and our approaches to strategic security, interdependence, international trade, bilateral trade, bilateral investment, the international system, and foreign policy.<sup>16</sup>

For example, all Europeans remain deeply grateful to Canadian and American citizens for their historic sacrifice during the Second World War to help defeat fascist dictatorships in Europe. For European citizens and political leaders, however, Canada has more consistently demonstrated a greater commitment to seek and progressively apply non-coercive means of conflict resolution, both domestically and internationally (Reich 2002; Stubb 2002; van Nuffel 2002). In foreign policy terms, Europe appreciates Canada's commitment to reach for and continuously attempt to use various non-violent policy

instruments – trade agreements, diplomacy, educational and cultural exchanges – to provide a basis for continued dialogue and greater understanding of what different countries value, are concerned about, and are working towards.

Canadians could also identify with European values and how those shared values sometimes differ in important ways from the dominant political culture of the US (Adams 2003; CRIC 2003, 20-24; Keating 1997).<sup>17</sup> In his influential book *Of Paradise and Power: America and Europe in the New World Order*, a former senior White House analyst in the Bush administration, Robert Kagan (2003), has pithily characterized the rather profound, and what he sees as growing, differences in values and approaches between Europeans and Americans.

Kagan suggests that Europeans (who live as if they are already in Paradise) tend to approach problems with great nuance. They are more tolerant of diplomatic failures and more patient to wait for solutions even when they do not appear to be coming quickly. Europeans generally favour peaceful responses to problems, preferring deliberation, negotiation, diplomacy, and persuasion to coercion and force. They are quicker to appeal to, and stay within, the rule of international law, international conventions, and international opinion to adjudicate disputes. They try to use commercial and economic ties to bind nations together, and often emphasize process over result, believing that ultimately process can become substance. According to Kagan, because of their unique historical experience of the past century, culminating in the creation of the European Union, Europeans have developed a set of ideals and principles regarding not just the morality, but even the utility, of using power to coerce others to accept one's will.

Indeed, most of the characteristics of Europeans that Kagan describes have been entrenched in Article III-193 of the Constitution, where the principles and standards that the Union sets for itself are very high indeed. The Union's action on the international scene is to be guided by the principles which have inspired its own creation, development and enlargement: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, equality and solidarity, and respect for the principles of the United Nations Charter and international law.

In a coherent, transparent and accountable manner, in Part III, Title V, Chapter 1 concerning “Provisions Having General Application,” the European Constitution commits the EU to pursue common policies and actions and work for a maximum degree of cooperation in all fields of international relations. According to the Constitution, the EU commits itself to such policies in order to protect its own common values, fundamental interests, security, independence and integrity; consolidate and support democracy, the rule of law, human rights and international law; help prevent conflicts and strengthen international security, “in conformity with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders”; and encourage the progressive abolition of restrictions on international trade, while at the same time promoting international measures to preserve and improve the quality of the environment and sustainable development, including in developing countries (III-V.1). This list of commitments applicable to all proposed external policy actions of the Union ends with the objective to “promote an international system based on stronger multilateral cooperation and good global governance” (ibid.).

More particularly, the Constitution highlights that in order to act on and fulfill such international goals, the Union

shall seek to develop relations and build partnerships with countries, and regional or global organisations, which share the principles [...] It shall promote multilateral solutions to common problems, in particular in the framework of the United Nations. (Ibid.)

The new Article III-194 specifies that it is “*On the basis of [these] principles and objectives [that] the European Council will determine the strategic interests and objectives of the Union*” (III-194; emphasis added). Finally, such strategic foreign policy decisions for the Union can be oriented towards “a specific country” (ibid.).<sup>18</sup>

### ***Canada-EU Relations Today: From Shared Values to Strategic Partners***

Since Europeans see Canadians as kindred spirits sharing similar values and approaches to conflict resolution, Canada is well placed as a partner to promote such values and practices in common

international efforts. Although the EU has a much larger population, with the largest global economy, etc., many top European officials are committed to the position that it is both ethically right and more politically effective to pursue goals on the international stage with other international actors, Canada is seen as a potentially crucial strategic partner in this respect (Reich 2002; Stubb 2002; van Nuffel 2002). Europeans certainly appear to be making significant and concrete proposals to work more closely with countries like Canada that attempt, however imperfectly at times, to conduct their international affairs through international institutions such as the United Nations, and in accordance with internationally agreed upon rules and laws such as those found in the UN Charter and the World Trade Organization.

Partially as a consequence of the view that Canada is such an actor, for several decades Europeans appear to have been very open towards Canada as a logical and key international partner. With an eye towards fulfilling its external objectives – objectives which, as we have seen above, are now constitutionally-entrenched – from 1976 to March 2004, Europe has engaged in a series of trust-building and privileged political and economic partnership agreements with Canada. For example, the *Framework Agreement* of 1976 between the EU and Canada constitutes the European Community's oldest formal agreement with *any* industrialized country (DFAIT 2004a).

In view of the dramatic changes on the international stage since that the 1976 agreement (and even since the Joint Political Declaration on Canada-EU relations of 1996), the Ottawa Summit in December 2002 launched a comprehensive review of EU-Canada relations. A report set out the results of that review and recommended new actions to enhance the Canada-EU relationship, with a number of specific priorities for enhanced and cooperative leadership on an international agenda.

The report formally highlights the common view that Canada and the EU share some *fundamental* values that crucially underpin and distinguish their societies from others. The close historical and cultural ties, as well as the common “respect for multilateralism, are the foundations of our partnership” (DFAIT 2004a).

The report states that as the EU evolves and enlarges, and as the EU and Canada both face fluid global challenges,

it is critically important to expand our multi-faceted relationship and build upon these foundations. The increasing frequency with which we vote together in international organizations - well over 90% of the time during the most recent session of the UN General Assembly - is a clear indication of our mutual understanding of the importance of the United Nations and other international and regional organizations. This strong demonstration of our like-mindedness [has encouraged Canada and the EU to deepen consultative mechanisms still further across the multilateral system]. (DFAIT 2004a)

As a consequence of this mutual understanding, Canada and the EU agreed to widen and deepen the institutional bases for implementing their shared “commitment to strong and effective multilateral institutions and the international rule of law” (European Commission 2004). On March 18, 2004 the two parties consolidated this commitment through two new agreements: the *EU-Canada Partnership Agenda*, and the Canada-European Union *Trade and Investment Enhancement Agreement* (TIEA).

#### ***A New Political Opportunity Structure: the EU-Canada Partnership Agenda***

The *Partnership* agreement prioritizes the importance of increasing and strengthening contacts at the political level in order to better identify major policy issues and coordinate their responses to them. While the EU is engaged in such processes with other major actors (such as the US), and has since 1976 held regular annual ministerial meetings, exchanges in the joint committee framework, and issued the occasional high-level declaration, the principal objectives that Canada and the EU have set for themselves in their current partnership agreement are much more ambitious. These broad objectives are organized around five themes, *viz.*, to: advance international security and effective multilateralism; improve global economic development; deepen cooperation on justice affairs; work more closely on global and regional challenges; and deepen links between European and Canadian citizens (DFAIT 2004b).

More specifically, in order to better coordinate the growing Canada-EU relationship effectively and to identify areas for strengthening, Canada and the EU will maintain the high level of dialogue at Summit and Ministerial level meetings on critical issues facing the international community or on other policy issues of mutual relevance. More importantly, perhaps, in order to facilitate and institutionalize such dialogue and cooperation on major policy issues, the two parties are establishing a Canada-EU *Coordination Group* to ensure more prompt and effective implementation of decisions taken at the

political level. This group will also continually review all elements of the relationship and ongoing discussions between Canada and the EU, to identify new areas for cooperation and to prepare meetings at Summit and ministerial levels. Most ambitiously, Canada and the EU are committing themselves to advance international peace and security through a more effective multilateral system and through the promotion of the international rule of law.<sup>19</sup>

Despite the extremely ambitious nature of such goals, the two parties have laid out a fairly detailed plan of action in order to achieve their major objectives. They will improve their common approaches to international issues, first, by increasing consultations between leaders, foreign ministers, political directors, and Troika meetings. Secondly, both sides will enhance Canada's cooperation in EU crisis management missions and peace-keeping operations, including supporting the negotiation of ways to define Canadian participation in such missions (DFAIT 2004b).

To ensure the effectiveness of the multilateral system and, particularly, the role of the United Nations in enhancing the international rule of law, the *Partnership Agenda* commits Canada and the EU to further links. These include committing themselves to work together:

- on reinvigorating the UN and developing initiatives to make multilateralism more effective, through examining joint approaches on issues such as sustainable development, human rights, humanitarian assistance and peacekeeping.
- to ensure the full establishment of the jurisdiction of the International Criminal Court.
- to coordinate positions in advance of international meetings, including in the field of human rights and other humanitarian fields.
- to achieve greater collaboration among nations in order to ensure that economic policies are coherent and linked with enhanced policies and programmes in support of developing countries' efforts to alleviate hunger, poverty and disease, enhance their social infrastructure, and help raise standards of living.
- to continue reinforcing their co-operation in multilateral fora in the field of development assistance, including in the context of international efforts to harmonise donor practices and cooperate more actively at the bilateral level. (DFAIT 2004b)<sup>20</sup>

### ***A New Economic Framework: The Trade and Investment Enhancement Agreement (TIEA)***

As with the EU's approach to its own internal *rapprochement* (Nugent 2002, 93-110), a key characteristic of the EU-Canada political relationship must be based on increasing their economic links. Already, there is significant economic interdependence between the two.

Their economic interdependence stems from the fact that the EU in aggregate represents Canada's second largest trade partner after the US (10% of total Canadian imports and 6% of total Canadian exports), and that Canada ranks twelfth in terms of EU trade (1.8% of EU trade with third countries, including acceding countries). Despite the significant trade links, *investment* has become the most significant element of the EU-Canada economic relationship. Canada is the fourth largest investor in the EU after the US, Switzerland and Japan, holding 4% of EU inward stock in 2002; and the EU is the second largest investor in Canada, holding close to 25% Foreign Direct Investment (FDI) stock in Canada (V Annual Report on Canada's State of Trade, 2004).

The new TIEA between Canada and the European Union essentially seeks to further stimulate their bilateral commercial relationship. The TIEA will move beyond traditional market access issues and offer concrete results to their respective business communities by reducing barriers to trade and investment flows. Negotiations began in the fall of 2004 (International Trade Canada 2004).

The scope and objectives of the TIEA are ambitious and provide an excellent opportunity structure for increasing Canada's values- *and* interest-based trade and investment policies. For instance, under the first article, which concerns Regulatory Co-operation, the EU and Canada are committing themselves to ensure high levels of protection for citizens and for the environment, while at the same time ensuring transparency, performance and cost-effectiveness of regulations.

The TIEA will also establish a framework for Canada and the EU to progress both bilaterally and multilaterally on trade facilitation. The TIEA will strengthen Canada-EU cooperation with a view towards the "convergence of views and joint action in relevant multilateral organisations dealing with trade

facilitation, notably in the WTO, the World Customs Organization (WCO), the UN and the United Nations Conference on Trade and Development (UNCTAD), and use appropriate elements from their bilateral relations as a point of reference in such multilateral discussions” (International Trade Canada 2004).

In addition, a comprehensive EU-Canada dialogue will be established to provide a valuable opportunity to exchange views and information on existing or future initiatives to further promote sustainable international trade. This opportunity structure will also help in the identification of opportunities for bilateral co-operation on sustainable trade and investment initiatives and the means to support multilateral initiatives and develop new ones (such as through the WTO, a follow up to World Summit on Sustainable Development (WSSD), the OECD, and the International Labour Organisation (ILO)).

Through the new trade and investment agreement, the EU and Canada could address, among other issues, the following:

- Environment: transfers of environmentally friendly technologies, voluntary eco-labelling and certification, trade and environment technical assistance and capacity building.
- Corporate Social Responsibility (CSR) (as the contribution of the private sector to sustainable development): CSR and competitiveness; promoting the OECD Guidelines for Multinational Enterprises; exchange of best practices in promoting sustainability reporting and disclosure; exploring the impact and potential of socially responsible investing; and the role and contribution of public authorities in support of CSR.
- Social Dimension of Sustainable Development: exchange of experiences and best practices of both the EU and Canada in their relations and agreements with third countries, for example on labour issues; co-operation between international institutions (ILO, WTO, etc.), including co-operation arising from the findings and recommendations of the ILO World Commission on the Social Dimensions of Globalisation.
- Sustainability and/or Environmental Impact Assessments of Trade Negotiations, in terms of their process and methodology. (International Trade Canada 2004)

Canada's Minister of Foreign Affairs, Pierre Pettigrew has moved quickly to implement some of the goals set out in the Agreements above. On October 20, 2004 Minister Pettigrew met with the President of the Council of the EU and other high-level EU officials on the occasion of the bi-annual Canada-EU Transatlantic Dialogue Meeting. There he announced, "In partnership with the EU, we are focusing on areas of concrete concern, such as Afghanistan, Sudan, Iran and Bosnia, where we can benefit from a coordinated approach" (FAC 2004c). As if to exemplify their commitment to the joint coordination of international actions, the next day Minister Pettigrew announced in Europe that Canada would assist the African Union in carrying out its mission to help end the violence and human rights abuses in Darfur, Sudan, through a \$20 million funding commitment (FAC 2004b). Two days after Canada's announcement, the EU declared that it would provide €100 million (\$156 million Canadian) for the same purposes (ABC News 2004).

### **Conclusions: Canada and the EU as a Strategic Global Alliance**

Given the current instability and unpredictability in international economic and political affairs, not helped in the eyes of many by the foreign policy choices of the current American administration, perhaps the predominant Canadian strategic objective should be to create and maintain foreign policy options. The ability to have more than one economic and political option available in decision-making is the basis for greater control over one's political and economic future. While the idea of creating options – particularly the European option – for our foreign policy is certainly not new, what is worth seriously reflecting on is the extent to which Europe is becoming a willing and able global partner.

The detailed economic, regulatory, cultural, security and defence, investment and trade policies, forums, agreements and partnerships with the European Union may provide Canada with the crucial and shared opportunities and tools to promote its preferred political and economic approach on the regional and world stage. As I have briefly noted, the EU is an economic giant which over the past 30 years has been, and still is, very interested in increasing economic ties and shared political objectives with Canada.

Nonetheless, if increased economic opportunities were the predominant argument being made here for such a partnership, we would be just as well off to remain oriented towards the US, or China, or other Asian countries. Instead, I have argued here that the principal reason why Canadians may be more interested in the European Union and its overtures for partnership with us is because unlike *any* other economic power in the world – and certainly unlike the current Chinese government and many of those in the Asian countries – Europe’s values may be even closer to our own than those that have recently been, and will increasingly be, promoted by the current American administration.

The most important of these shared values is a much stronger emphasis on the use of discourse and negotiation over more coercive and rigidly ideological foreign policy approaches to achieve international stability and justice. Both Canada and the EU have realized that they need to put even greater emphasis on this approach to international political and economic affairs and conflict resolution than in the past because the world is more interdependent, heterogeneous, complex, and prone to disagreements and fragmentation. They have also realized that the most important means by which small, medium, or even large global actors can come to some sort of resolution to such conflicts is through a greater reliance on a legitimately determined set of binding procedures and rules.

It is for this reason that we need the rule of law rather than the rule of men, and their constantly varying interests, as the basis for conflict resolution. It is also for this reason that we wish to put more emphasis on international law, strengthening international institutions such as the International Criminal Court, reforming the UN Security Council, and reforming and strengthening the procedures of the WTO or other rules in regional, multilateral, or bilateral agreements.

In the past 25 years there has been an increased will and ability, and consequent specific actions, by the EU to proceed with this agenda of enhancing the binding nature of rules-based systems in international, multilateral, and bilateral agreements. Evidence of such will, ability, and actions are increasingly commonplace, whether it concerns matters of international justice (leadership in establishing the International Criminal Court), international security (Sudan and its Darfur region), defence (largely maintaining the legitimacy of the NATO alliance), fair and open trade (“Trade Plus” agreements with

developing countries), investment, environmental protection (leadership in the Kyoto Accord), development, and humanitarian aid. Canada could be a crucial ally to the EU to help strengthen a more comprehensive and coherent open, deliberative, values and rules-based system at various levels of governance. In a complementary manner, the European Union could also help enhance Canada's ability to improve the legitimacy and workings of such systems, as well as achieve its national objectives by increasing Canada's own economic and political options.

Of course, the future development of the EU, as well as Canada-EU relations, will continue to face its fair share of challenges. Internally for instance, tensions within the EU over the spending habits of some states have precipitated a revisiting of the Stability and Growth Pact. Also, as mentioned earlier, the ratification process of the Constitution will face its own share of hurdles. On the Canada-EU relationship, political and interest-based disagreements will continue over trade and resource issues – either between Canada and individual European member states, such as was the case with Spain on the fisheries issue, or between Canada and the EU on international agricultural trade policy.

In spite of these (largely inevitable and interest-based) irritants, Canada has much to gain from a closer alliance with the EU. One of the implicit points of this paper is that while Canada is not a major economic or military global power, Canada is far from being a weak or even simply middle power internationally. Partnering more closely with the European Union, without taking a reckless or arrogant position towards the US, could significantly increase our international, multilateral, and bilateral economic and political presence, status and capacity to manoeuvre.<sup>21</sup>

To varying degrees, all American administrations, including the one that will be in power until at least November 2008, want and need Canada as an economic, but even more as a political, ally. This fact is partially evidenced by the newly re-elected American President's haste to announce a two-day visit to Canada, even before his inauguration (Moore 2004, A1). Becoming a closer, values-based, economic (especially in terms of investment) and political partner with the European Union could be an extremely helpful means to encourage, and even judiciously pressure, various American administrations to (re)integrate themselves into a more constructive, rules-bound, multilateral framework. At a minimum,

Canadian policy and political leaders will want to continue the rather impressive and well-considered Canadian foreign policy tradition of avoiding policy directions which may be excessively based on short-term policy horizons. A good deal of the Canadian public, world community, and the rather observant, albeit diplomatically subtle, political and policy leadership in Europe is no doubt placing a good deal of trust in Canadian policy makers *will*, and continued search for the *ability*, to maintain such an impressive foreign policy tradition. In this, Europe can be and important strategic ally.

## Notes

<sup>1</sup> Jeremy Rifkin, one of the most insightful trackers of economic, political, and technological trends, suggests that if the US has an equal today, then the European Union appears to be it (2004, 44). Like a substantial number of commentators that he cites, Rifkin agrees with Samuel Huntington's assessment that European integration is "'the single most important move' away from the 'unipolar' world of the post-cold war era toward a 'truly multipolar' twenty-first century". Joseph Nye too sees Europe as already America's equal in the economic sphere, where "'the United States is not a hegemon, and must often bargain as an equal with Europe'" (all cited in Rifkin 2004, 38-41).

<sup>2</sup> All references to "the Constitution" are found in the bibliography under the European Council (2004). The Constitution's full and legal title at this point is the "Treaty establishing a Constitution for Europe" (IV-3). I call this basic text a "Constitution" due to the integration of the Charter for Fundamental Rights into the text, the clear acknowledgement of the Union's values and objectives as well as the principles underlying the relationship between the Union and its MSs. In strict legal terms, however, the Constitution remains a treaty.

In terms of the ratification of the Constitution, while there will be considerable challenges and (often harsh) debate, I would argue that its future is fairly assured. It has already passed the most difficult hurdles, with some ahead. The most challenging hurdle passed was when MSs adopted it unanimously at an Intergovernmental Conference (they each had a guaranteed right of veto). All countries signed it formally on October 29, 2004. Nonetheless, the entirety of the Constitution will enter into force only when all states have ratified it, either through referendum or parliamentary votes (IV-8). The ratification is to occur by the summer of 2006. If four fifths of MSs have ratified it by that time, but one or more MSs have encountered difficulties in the ratification process, the matter will be referred back to the European Council for a political solution (IV-7.4. See also my discussion of political flexibility later in this paper.).

Lithuanian legislators have wasted little time: on November 11, 2004 they ratified the newly signed constitution, making one of the EU's newest members the first country to approve the historic document. (Of the 141-seat *Seimas* (parliament), four parliamentarians voted against the document and three abstained (Reuters.de 2004)). In Eurobarometer survey, carried out on the days following the political agreement reached at the European Council that was held in Brussels on June 17 and 18, 2004, more than 80% of citizens declared themselves more or less in agreement with the adoption of a European Constitution. The survey also shows that they are already feeling better informed than previously on important political matters (European Commission 2004).

<sup>3</sup> This is of course a reference to comments by US Defence Secretary Donald Rumsfeld that France, Germany and other European countries that did not support the largely unilateral, non-UN sanctioned US-led war on Iraq. Rumsfeld said that these countries were not representative of a "New Europe" that includes former Soviet bloc countries. "You're thinking of Europe as Germany and France. I don't. I think that's old Europe," Rumsfeld told reporters when asked about the generally strong European opposition to the US military action (CNN.com 2003).

<sup>4</sup> See Canada's current hierarchy of foreign affairs strategic objectives (FAC 2004a). The former Minister of Foreign Affairs, Bill Graham, was making some excellent attempts to provide a more coherent and cohesive set of values, objectives, plans and (inter)actions of the military, security, economic and political elements of Canadian foreign affairs in his recently launched review (see Graham (2003) for his initial report).

<sup>5</sup> The EEC treaty established a mixed institutional design, with the Council providing an intergovernmental presence, on the one hand, and the Court, Assembly, and Commission providing supranational adjudication, representation, and executive and civil service functions, respectively, on the other. The success of the EEC encouraged some members of

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the European Free Trade Area (EFTA), such as the United Kingdom, Ireland and Denmark, to join in 1973. It was also during this period that new policies (social, regional etc.) were implemented, and the presence of the European Community on the international scene started to be felt.

<sup>6</sup> These 10 MSs add 75 million citizens to the EU, and extend its territory by more than 20%, to almost 4 million square kilometres. Additional MSs candidates await. If they are ready, the EU will welcome Bulgaria and Romania as MSs in January 2007. Encouraged by Germany, the EU has moved up its calendar considerably by opening accession negotiations with Turkey in mid-2004 (although a still goodly timeframe remains before its full accession as an EU member is viewed as probable by most observers). The opening of accession negotiations with Croatia is envisaged in the near future, and the Former Yugoslav Republic of Macedonia has recently applied for membership.

<sup>7</sup> For more on the innovative federal character of the Union's recent and future political system, see Henriques (2005a). For a more comprehensive description and assessment of its internal and external political, economic, and social character and capacity, see Henriques (2005b).

<sup>8</sup> The Council of Ministers can nonetheless adopt, amend and reject legislation from either the Commission or Parliament by a double majority (I-24).

<sup>9</sup> Like Canada's "national dimension" test for the federal "Peace, Order and Good Government" power, this is not necessarily all that limiting.

<sup>10</sup> Nonetheless, if none of the numerous flexibility mechanisms are sufficient to accommodate, or limit the strong policy preferences of MSs, there are two new and additional clauses available. First, an *Exit Clause* in the Constitution sets out for the first time in EU law that MSs and their citizens can leave the Union if they so choose. Second, a *Suspension Clause* indicates that there are also limits and possibly catastrophic consequences for breaching the fundamental norms of even a flexible system of governance. The Suspension Clause notes that if one MS seriously flouts the bedrock EU values, the rest could decide by a qualified majority to suspend it. This clause is designed to clearly indicate to all current and potential MSs -- from Austria to Turkey -- that their achievement and even continued enjoyment of membership in the Union is a privilege and not a right. Membership privileges both imply and require more than a one-time demonstration, but also a continued upholding of the newly clarified and consolidated standards and principles of the Union as found in its Constitution.

<sup>11</sup> The prospects appear promising for this distinctive process, cooperative, network and parliamentary form of democracy to continue in the future. For example, in her speech during the "Hearings of the Commissioners Designate Investiture Procedure of the 2004-2009 Commission" before the European Parliament, the very respected Margot Wallström laid out her five objectives as Commissioner for Institutional Relations and Communications for the next five years. These include: creating a culture of co-operation; increasing shared ownership of the European project; the Constitution for Europe; reconnecting with people; and building a democratic infrastructure (Wallström 2004, 9). Wallström emphasizes that all European institutions must work together to deepen the culture of cooperation in policy formation, to the point that the spirit of co-operation "must be in the walls of the European Commission, the European Parliament and Council" (Wallström 2004, 2). As she notes, while checks and balances are indispensable, trust and legitimacy have no replacement either.

<sup>12</sup> The figures in these three paragraphs are largely drawn from those in OECD (2004) and Rifkin (2004, 60-65).

<sup>13</sup> The OECD's Total Composite Leading Indicators, 6-month rate of change (annual rate) for 2004 Feb-Sep shows the following comparative figures: Canada -1.0; United States 1.1; Australia 1.1; Japan 0.4. The euro zone registered 2.9, compared to the OECD total of 1.7. (OECD 2004. OECD Composite Leading Indicators (CLIs) are designed to predict cyclical turning points (peaks and troughs) in aggregate economic activity.)

<sup>14</sup> The euro underwent a strong depreciation against the US dollar after its launch, which seemed to partly reflect the general strength of the US dollar against the other major currencies from the mid-1990s onwards. The euro reached a low of \$US 0.85 in June 2001. From the spring of 2002 onwards, however, the euro experienced a progressive appreciation, which took the single currency to a level significantly above that of the day of its launch.

<sup>15</sup> The first phase began in January 1999, where the transition to the euro in book-entry form was virtually free of implementation problems, although many people had predicted that such a large project would inevitably be delayed by organisational failures. This complex task, involving more or less simultaneous changes in countless computer programs at central banks, stock exchanges, authorities and thousands of private institutions, was carried out smoothly and in a perfectly coordinated fashion. The second phase of the operation involved putting the new currency into circulation and withdrawing national banknotes and coins, an operation that affected the 300 million inhabitants of the euro area and many more outside it. In total, more than 51 billion coins had been minted and around 16 billion banknotes printed at the end of 2001. According to Trichet, this operation was so successful because of good preparation: advance planning, communication, co-ordination, and thorough follow-up (2004, 2-3).

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<sup>16</sup> I owe this framing of the potential for Canada-EU relations to Potter (1999) and his excellent study on this relationship. However, at least with the intervening years since the publication of his work, I would suggest that there are more centripetal rather than centrifugal forces at work in the various aspects of the Canada-EU relationship.

<sup>17</sup> As an indication, see Adams' (2003), president of Environics, view on how Canadian and American values have been diverging since the early 1990s. His perspective is that, far from North American economic integration leading to the Americanization of Canada, Canada's values have recently become more distinct from our southern neighbour.

<sup>18</sup> The division of labour and decision-making process between the institutions regarding these related policy areas takes the following form: "The European Council shall act unanimously on a recommendation from the Council, adopted by the latter under the arrangements laid down for each area. The decisions of the European Council shall be implemented in accordance with the procedures provided for in the Constitution. The Union Minister for Foreign Affairs, for the field of common foreign and security policy, and the Commission, for other fields of external action, may submit joint proposals to the Council" (III-194. 1-2).

<sup>19</sup> Europeans spare no opportunity to emphasize that the EU-NATO relationship remains "an important expression of the transatlantic partnership... [and that US, Canada and the EU all] share common [but extremely broad and wide-open-to-interpretation] values of democracy, respect for human rights and the rule of law" (DFAIT 2004b).

<sup>20</sup> Further partnership coordination by the EU and Canada would seek to enhance the frequency and level of contact between the Canadian International Development Agency and ECHO, in order to capitalise on common development assistance approaches. In the context of the Africa Partnership Forum they would broaden international political and practical support for the New Partnership for Africa's Development (NEPAD), as well as improve access to medicines for those in developing countries, particularly in Africa. And finally, the two will seek closer coordination in other international or regional organisations, such as UN specialised agencies and regional organizations such as the OSCE and OECD, as well as international financial institutions such as the European Bank for Reconstruction and Development (DFAIT 2004b).

<sup>21</sup> For example, in all three of these fora, the US would be less inclined to use (albeit subtle) coercive forms of politics towards Canada if they knew that we have and are willing to lean on other economic and political partnerships to promote an international policy option.

## **About the Author**

Raised in Kingston, Jamaica, Professor Karl A. Henriques is of European and Jamaican heritage. At universities in British Columbia, Nova Scotia, Ontario, Québec and Germany he studied both the external sources of the political turmoil that the island suffered during the 1970s and 1980s, and, especially, the emergence of the European Union as a global actor. Professor Henriques is an Executive Board Member of the European Community Studies Association-Canada. He is also a founder, and the contact person for the Prairie Region, of the newly established EUCANET. (EUCANET is a Canada-wide network of select experts available for analytic media commentary on emergent European affairs.) Professor Henriques presents and writes regularly on the political, economic, cultural, social, and foreign policy developments in the European Union. For the purposes of his research he interviews members of Group of Policy Advisers to the President of the European Commission, and European and Member State treaty and constitutional negotiators. As a consequence of his extensive research, Professor Henriques is finishing what Claus Offe once remarked as a "powerful synthetic effort". This effort is being presented in an upcoming book assessing the dimensions of Europe's potentially both model and strengthening political, economic, cultural, and foreign policy approaches. He is currently an Assistant Professor of Comparative Politics (European) and Political Theory in the Department of Political Science at the University of Regina.

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