

The European Community after Maastricht

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It is evident that the unanimous Euro-phoria of recent years has been replaced by a severe Euro-depression. Times of economic depression generally show a slow-down in the process of European integration, as national interests tend to receive more attention in such periods. This time, however, there are two additional causes of the Euro-depression.

First, there is the distance between politics and the public, which again became apparent in the Danish and French referenda on the Maastricht Treaty. The public understands little or nothing of technically complex matters like the Maastricht Treaty. They feel alienated from the ruling technocracy. Policies have become impersonal, nameless, faceless, without profile. They are being ruled by THEM. This ubiquitous 'they-ification' has become the most important and most frustrating alienation of our time, which beyond doubt has a disrupting influence on democracy.

The second cause of the recent Euro-depression is the revival of the dispute between the supporters of a united and democratic Europe which is truly vertically integrated, and those who defend a Europe of the nations, based mainly on intra-governmental cooperation. The 'neo-nationalists' are being led by Margaret Thatcher, a successor in this respect of General de Gaulle and the Fouchet Plan. The 'integrationists' on the other hand adhere to Jean Monet's ideals, which require the development of common European policies as well as community policies, drawing on the four EC institutions: the Commission, the Council, the Euro-Parliament and the Court of Justice. The Treaty of Maastricht is a compromise which cleverly covers up the dispute between the two directions. The Economic and Monetary Union are of the integrated kind, but foreign and defence policies and immigration and justice policies do not go further than cooperation. The European Parliament will play a more important part on the one hand, but on the other hand the Commission will have less influence and the Council will have more. The Community will have additional authority, but the principle of subsidiarity threatens to reduce and even break the power and influence of the Community. This debate, which we have conducted for two years among the twelve Ministers of Foreign Affairs and have disguised in the Treaty, has now revived in the public discussion in the Member States. Germany in particular has shown a remarkable and even disquieting evolution, as it appears that a considerable majority would not be prepared to simply give up the German mark for the EMU.

A final reason for the Euro-depression is the monetary crisis, which caused considerable damage to the ERM and which resulted from the divergence in the economic and monetary policies of the twelve Member States. In Germany the Bundesbank gave priority to controlling inflation through high interest rates and a strict monetary policy, whilst other EC countries, like the UK, gave priority to fighting the recession through low interest rates, in line with the policy of the US.

I remain strongly in favour of implementation of the Maastricht Treaty and further integration. Without EMU and the Maastricht Treaty it will not be possible to maintain the unified market, which is supported so widely. The disintegration of the EFTA due to a lack of integrative mechanisms presents a good example of the way we should not be going. Europe is facing a substantial economic and technological challenge from East Asia and from others, the problems of Eastern Europe are affecting all of Europe, it must deal with increasing numbers of refugees and immigrants, it must provide for efficient (i.e. transnational) protection of its environment, it must be able to demonstrate its international political force on the basis of a common foreign policy (refer to the Yugoslavian crisis), etc., etc. Europe cannot cope with these problems on the basis of the existing instruments for

intra-governmental cooperation, giving each member a right of veto which time and again leads to a deadlock when there is no consensus.

The text of the Maastricht Treaty cannot be changed without breaking up the compromise which has been finally reached. However, it should be possible to add a protocol to cut off the edges on some points and to enable Denmark and the UK to keep pace with the frontrunners. The institutional reinforcement of the EC is crucially important, and if this is not carried out before new Member States are admitted the EC may find itself diluted.

Would a Europe of two speeds provide the solution? In a sense the question is not correct. The Maastricht Treaty in fact provides for divergences, e.g. in the opt-out clause in respect of the EMU. However, I would object against a Europe of two fundamentally different speeds, which would create some sort of 'superclub'. This would conflict with the spirit of the Treaty of Rome. Moreover, such a 'superclub' would be led by Germany, which in the long run could result in all kinds of undesirable tensions between the European countries. Besides, taking the lead would do Germany more harm than good. The EC must be taken further by the triangle Bonn-Paris-London, provided that the smaller Member States are protected against minorisation and domination, e.g. through integration mechanisms such as a qualified majority rule. An alternative for the Maastricht Treaty would only have to be searched for when it is widely and absolutely rejected.

What to do with the ERM? A reform will only be acceptable when it converges with the dynamics of the Maastricht Treaty. Personally, I am in favour of accelerating the establishment of the European monetary institution, to enable the reserves of the central banks to be pooled at least partially to improve the defence against waves of speculation. In this respect it might be worth considering whether introduction of an international transfer tax on foreign transactions might be effective by increasing the cost of speculation, a word which should not have an unfavourable meaning but does have unfavourable consequences. All this does prove that the chance of achieving monetary unification depends on the degree of the prior monetary convergence. This requires a high degree of financial solidarity between North and South, and it gives rise to questions in connection with the funding of the EC budget. In respect of the fiscal authority, we are unfortunately still far from reaching consensus on granting such authority to the European Parliament on the basis of the principle of 'no representation without taxation'. Convergence also has to do with progress in fiscal harmonization, which has not been sufficiently carried out so far. The Ruding proposals should receive a serious response in European policies. In the field of corporate taxation one could even consider experiments with an optional arrangement: European companies adopting the status of European Corporation could receive a European tax status which would be more favourable than the average tax treatment in Europe. In order to ensure its political feasibility one could arrange that during a transitional period the proceeds of the European corporate tax would be handed over to the national treasuries.

The process of European integration is a historical experiment, unique in its kind. Preventing Europe's further integration is a choice for disintegration, at a point in time that the entire world is looking up at Europe. The 'Euro-sceptics' are unreasonable and unrealistic because they are missing the European train. Yesterday's Europe no longer exists, and therefore tomorrow's Europe cannot be yesterday's Europe; it would be non-existent.