
Editorial

Prospects for Integration in the European Community

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It may be that the history of the integration of certain tax systems in the European Community is symptomatic of the history of integration as such. A process that winds its way in fits and starts: on the one hand ambitious goals set by an authority, very often the European Parliament and above all the European Commission, and on the other, half-way achievements after the Member States have been occupied with those ambitions.

The process progress not only in fits and starts, sometimes it resembles stop and go. The Community was racing towards the final goal of Europe 1992. The dateline had been passed, but the results were incomplete in two ways: first because communitarian legislation was not fully completed and it certainly was not integrated into the national laws of the Member States and second, because there remains a considerable job to be done in the area of the free movement of persons. But a race it certainly was. Maybe the standstill which today can be observed everywhere can be explained by a certain need to rest and gasp for breath. That would be a consequence of integration itself. But there is more to it: the fact that in 1992 the Community had to take serious economic and monetary blows and the fact that after the negative results of the Danish referendum a sense of deadlock surfaced in Europe, repeating itself in one way or another in many Member States. Experience teaches us that economic recession practically always leads to a recession in the process of integration.

Member States fall back on national solutions and often on national egoism. Monetary history of the last few months makes this perfectly clear. The monetary crisis in itself strongly contributes to this sense of deadlock, because the objectives of economic and monetary union seem further away than ever, precisely because of these monetary developments.

And then there is the Danish referendum. Initially, many underestimated this event. I remember comments made after the referendum treating its outcome as a 'bagetelle' and the state of mind expressed by it.¹

I have always found this a serious underestimation of reality. Apparently public opinion was unable to follow the pace of integration. One wonders whether the Maastricht Treaty, in attempting to realise simultaneously an economic, a monetary and a political union, did not overburden the capacity of absorption of public opinion. This is all the more so, because the Treaty of Maastricht consolidates, as it were, the two competing tendencies in the way of achieving European integration.

Both trends, the supranational and the intergovernmental, find support and justification in that treaty. When during the first months after the signing of the treaty the supranational aspects, i.e. the economic and monetary vision are under threat because of an utter lack of monetary coordination, the impression can be created that the model of integration through intergovernmental coordination has the upper hand. All this gives rise to uncertainty and confusion.

In this connection yet another phenomenon needs to be mentioned. There is not only the fact that the policy of the European institutions has come under criticism, but a certain degree of suspicion has emerged against the institutions as such. That is true for the European Commission, but to a certain extent also for the European Court of Justice; some evaluate its decisions as too heavily inspired by one specific doctrine on integration. If one adds to this picture the fact that the economic objectives of Europe 1992 have not been achieved and that by the end of 1992 the European Council in Edinburgh was obliged to initiate growth incentives for the economy, the picture of confusion is complete.

Apparently a closer reflection is needed on the question: how do we proceed from here to

¹ This editorial was written before the positive outcome of the second Danish referendum. Of course, that result in itself will give a new incentive, but it does not change the analysis made here. It will help to overcome the current difficulties, but not many problems of the future.

the integration of Europe? Unfortunately the prospects for such reflection are not very promising. This results from the facts mentioned above, but is increased by present developments, which will very likely contribute to more tensions within the European Community.

This disagreement which has been considered in the Maastricht Treaty, has found its way into other aspects of communitarian life. It is of course impossible to elaborate, this idea within the limited framework of this editorial. It is clear however that with the United Kingdom being very inward looking, Spain in serious political and economic trouble, and Italy bidding for time to put its own house in order before making any real contribution to the integration process, the emphasis stays on the axis Bonn–Paris. In the relationship between Bonn and Paris I see two items worth mentioning.

The first is the fact that the Federal Republic is developing increasingly from a dominant economic power to a dominant political power inside the European Community. The second is the fact that the French economy could establish a certain countervailing power against the German economic supremacy.

If these trends prove to be correct, new tensions could emerge in the relationship between Bonn and Paris.

These tensions could be released specifically in the area of trade policy. Germany is a rather important exporter of agricultural products, but its exports are mainly located within the European market. As such it is not hampered by any multilateral trade agreement on agriculture.

On the other hand a successful conclusion of the Uruguay round is of the greatest importance to Germany. France, on the contrary, is a very important exporter of farming products in the world market, and apparently attaches less importance to the other aspects of its foreign trade, in spite of the fact that French services are competitive in the world markets.

Also in the monetary field a certain degree of tension between Bonn and Paris cannot be excluded.

It is already clear that France is aiming for a somewhat more independent monetary policy, without abandoning the link with the European currency system and above all the link with the Deutsche Mark. All these facts and considerations imply that the present and future circumstances constitute a far from ideal constellation for a calm reflection on the further process of integration.

It looks as if this reflection should bear more upon the question why we ran into this deadlock and how we could get out of it, than upon new initiatives to carry on the integration process. The risk for the latter is considerable. In itself it is not simple to find the exact balance between conception and execution. During the last few years of the process of integration conception has dominated execution, that is to say, architecture has won from construction. The danger lies in the 'fuite en avant'.

When the problems of construction are too big or not very appealing or ambitious, the temptation grows to catch public opinion with new concepts or prospects. I am afraid that the priority that at present is claimed for an extension of the Community does not constitute such 'fuite en avant'. Let there be no mistake on my opinion as to the extension of the Community. I am a staunch proponent of extension in agreement with the basic concept of the Community. The question is however whether in the present situation with all the uncertainty on the direction of the integration process, and the enormous difficulties which have to be overcome internally, extension should be given the top priority which it currently has. Quiet reflection on the direction which the integration process should take, is essential for an acceptable starting position in the negotiation process. I feel this is more important, because it appears that public opinion in the countries that are interested in membership now, reflect serious second thoughts about membership. How can one link a number of countries to one European Community, when the Community itself hesitates on the course to take in the integration process? It is not without reason that the European Community has committed itself to check in 1996 whether the construction agreed upon in Maastricht provides an operational framework for future integration.

All this points to an urgent need for a closer analysis of the present situation, and reflection on what remains possible and the requirements necessary for further future integration.

The most crucial question in this respect is the question of the democratic character of the European Community. One may opt for a model of intergovernmental cooperation. The emphasis is then on national parliaments controlling their respective governments. One may also opt for supranational integration, whereby a supranational parliament should be created, having the same powers as national parliaments. A mixture of the two is bound to lead to disappointment. That is already the case in the present situation.

Intergovernmental cooperation will never lead to the degree of integration necessary for the economy, the monetary policy and in the near future also the immigration policy, not to mention the foreign policy.

This means that the way the European Community proceeds, since the Treaty of Rome, can only lead to further progress, if a choice is made for a supranational solution. Perhaps this should mean more power over less. But in those areas in which competence is transferred, a fully democratic structure should be established. That is much more important for a good understanding by public opinion than the many makeshift arrangements that are now recommended in a structure that is unclear. Speaking about the prospects for European Integration there is now an urgent need for reflection. Perhaps not directly by the present political leaders, but maybe, and why not by a think-tank like the Monet Committee, which at the present time has put a brilliant concept of integration on the table.