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The FUTURE *of* EUROPE

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Introduction

When I first set out to write this book, my initial proposal for the title was 'Europe à la Carte'. With the benefit of hindsight, my first proposal would have been much more appropriate than the present more elegant one, *The Future of Europe*. Although my original title would not have pleased some of my distinguished friends in the Commission of the European Communities in Brussels, I believe that it not only describes the Europe we know today but also the Europe which we shall live with in the immediate future. Our Europe with its wonderful and irritating national differences could not, in the immediate future, become a United States of Europe because we cherish our national differences too much. In contrast, the early European settlers in America wanted to get away from Europe and consequently created the United States – *voilà la différence!*

Although I myself have always desired a great degree of European integration, I do not want it at any price since this could destroy us all. Also, I feel that many of our national differences do make us richer. Consequently, our main concern, especially after all the civil wars we have fought in Europe over the centuries, should be to safeguard and cherish basic human rights. I shall return to this theme several times in this book.

I have been accused by my friends of being an incurable optimist. However, it must be said that Europe has made fabulous progress since the end of World War II. For example, the creation of the European Coal and Steel Community and the signing, in 1963, of the Treaty of Co-operation between France and the Federal German Republic have made war between the two countries unthinkable – at least in the immediate future. Then, despite the current recession, the present

wealth of Western Europe bears no comparison with the ruins, poverty and lack of energy of 1945. More recently, the collapse of Communism has opened up undreamed of possibilities – economic, political and social in nature – for the formerly separated parts of the continent. At this point, the major question we are facing is whether we are capable of grasping these fabulous and historically unique opportunities which have been offered to us. Unfortunately, I fear that our leaders are too mesmerized by their immediate short-term interests and could, alas, miss this crucially important bus of history.

WHICH EUROPE?

Just as the United States is not the Americas, so the European Community is not Europe. In both cases, however, they are the economic and political locomotives of their continents, and neighbouring countries want to be closely linked and even to be integrated with them.

In the specific case of the European Community, we find ourselves faced with the dilemma of deepening and/or widening the Community. Here, as with so many other choices, the solution would seem to be one of adopting a policy of 'Europe à la carte'.

Whatever our preferences may be, we find ourselves at a crossroads where we must take decisions in a number of important policy areas – it is, in fact, the imperative necessity of taking these decisions that influenced the structure of this work and which has necessitated a careful selecting of policy areas to be examined. But the basic question which I shall try to answer by the end of this work is, 'What kind of Europe do we want?' Personally speaking, after the enormous human sacrifices we made during World War II, I certainly want a democratic Europe without racism and other incomprehensible horrors (has no one learned anything from history?) where all citizens enjoy the same basic rights, as so eloquently laid down in the European Convention on Human Rights. I shall also return to this theme on many occasions in the course of writing this book. However, I am aware that we have to find workable solutions to our current problems and it is the combination of problems and solutions which has influenced the

structure of this work.

THE ORGANIZATION OF THE BOOK

At the outset I must admit to having resisted the temptation of including a chapter on the Common (or Crazy?) Agricultural Policy (CAP) of the European Community about which so much has been written in other works. However, I do stress my belief that this CAP is a scandalous misallocation of public resources which bedevils the Community's relations with all countries except Thailand. Instead, following a brief examination and my own interpretation of the historical evolution of European integration since the end of World War II, I decided to examine selected major topical issues and to make, where possible, proposals for policy changes.

Earlier Attempts at Political Union: Common Foreign and Security Policies

The Treaty on European Union does have, among other aims, a major dual objective – the adoption of common foreign and defence policies (possibly leading to common defence). To some observers this goal comes as something of a novelty. It should be remembered, however, that there had been serious attempts among the six EEC Founder Member States, in the early 1960s, to create these common policies. A famous Fouchet Committee was created, but, when President de Gaulle realized the supranational aims of this committee, its chairman, Christian Fouchet, was dispatched to Algeria as Governor-General. France then replaced the idea of supranationality with the official policy of a 'Europe of the nation states'.

Attempts at Forming an Economic and Monetary Union

Equally, the embodiment in the Treaty on European Union of a rather detailed plan for an economic and monetary union (EMU) could mislead students into thinking that this is another EC innovation. Nothing could be further from the truth. The original decision to

embark upon the very difficult road leading to a full EMU was taken by the EEC Heads of State and Government in the Hague as early as the end of 1969. Subsequently, the second and definitive Werner Plan of October 1972 became the blueprint for the Community's first attempts at creating an EMU. These took the practical form of the 'Snake in the Tunnel' and the 'Snake Arrangement' which were replaced by the present European Monetary System (EMS) in March 1979. All of these attempts may be interpreted as being a much prolonged intermediate phase of an EMU.

The Record of the Single European Market

So much has already been written and said about the Single European Market (SEM) and the magic of 1992 that many readers will probably believe that little more remains to be said. My aim is therefore not to repeat everything that has already been told, but rather to place the SEM in its historical context as being the logical creation of a real common market as set down in the Treaty of Rome. Also, I believe it important to highlight the possible benefits of reaching all the goals of the SEM in the late 1990s or early twenty-first century and of opening up, for example, the national telecommunications and energy markets.

Equally, it should be noted that the present trend of achieving common standards through the mutual recognition of the national standards of EC Member States does not really constitute absolutely common standards. This development, as has been observed by the new president of the CEN (European Committee of Standards), is disquieting.

The Treaty on European Union

Despite being bombarded from all sides with misleading information about this wearisome Treaty on European Union, and in the specific case of Ireland, being subjected to scandalous bribery, arrogant politicians were brought to their senses by the hardy Danes when, in a referendum in June, last year, they rejected the Treaty. Quite simply, the Danes were fed up of being treated like idiots by their political representatives – acting more like political masters.

The Treaty does include a number of important aims which will, over time, change the political complexion of the Community. Thus, the aims of common foreign and defence policies (possibly leading to common defence) and internal (police) co-operation between EC Member States do harbour great potential changes in the lives of Europe's citizens. Whilst only limited progress is likely with the first two aims, there is already so much progress with police matters (both official and unofficial) that I felt concerned enough to write a separate chapter on the Rights of Citizens and similar matters.

Whilst the Treaty does say much about an EMU and the strict criteria which countries must fulfil if they wish to be eligible for the final stage of such a union, much too little is said about the equally important area of fiscal policy.

The Community's Social Charter is, for the most part, included in the Treaty. Whilst I certainly support the idea of worker representation in enterprises – as practised in Germany – I wonder whether, as was feared by Mrs. Thatcher, the Charter does not constitute a subtle move in the direction of creating a European minimum wage. If so, will not this be economically negative for the poorer Community countries and will it not reduce Europe's competitive ability *vis-à-vis* the United States and Japan?

Although the Treaty does give more power to the European Parliament and imposes a greater degree of co-operation between that body and the Council, I fear that we shall get ever more embroiled in constitutional battles and legalistic mumbo jumbo and that Europe's citizens will feel even more removed from the Community's decision-making process than is presently the case. It was for this reason that I decided to examine the institutions of the Community and to make proposals for their reform.

The European Institutions

Unlike many of my fellow Anglo-Saxons, I am not a Commission-basher. Indeed, all my contacts with my erudite friends in that institution have been both enjoyable and educative. No, the problem is that the Commission, with its inadequate number of experts, is placed in

an invidious position because, extraordinarily, it initiates legislation. Thus, I have turned to Alan Sked's sound, wise and excellent proposals for institutional reform (though I do not agree with all of them). I do agree with his proposals that the Commission should have an advisory role to the European Council of Ministers which should initiate legislation. I agree that the Parliament should be composed of representatives from the national parliaments of the EC Member States and that there should be an Upper House. In addition, the very self-centred European Court of Justice should be opened up and should be overseen by a European Supreme Court to which (unlike the present European Court of Justice) there should be a right of appeal. Such a transformation is imperative because Community law takes precedence over national legislation. Furthermore, the present situation is unacceptably undemocratic in nature. In anticipation of the prospective enlargement of the Community, I believe that for reasons of practicality the present number of commissioners should be drastically reduced. Lastly, sooner or later we shall want to have a European Constitution defining our basic rights as citizens of EC Member States, and, hopefully, other European countries. Happily, we do not have to search far for such a constitution since the preamble to the European Convention on Human Rights would be an admirable European Constitution.

Whilst examining the institutions, there is another concern of the most immediate importance – and that is the question of weighted majority voting and the right of veto in the Council of Ministers. This question takes on much greater significance as more countries join the European Community. Although I do not forecast a situation similar to the use of the *liberum veto*[1] in the Polish Parliament, which indirectly led to the dissolution of the Polish State by the end of the eighteenth century, the Community's first attempts, for example, at formulating a common foreign policy (in the case of Bosnia) have, due first to the intransigence of the Germans, and then to the blindness of the British and French, been nothing short of catastrophic. This situation has arisen because of the irresponsible use of the right of veto by these Member States. Clearly, if the EC is to have common foreign and defence policies, something must be done about this right of veto.

Otherwise, in these two policy areas the only alternative is a policy of Europe à la carte. Although this would not be to the Community's credit, it would be the only practical solution.

Enlargement and/or Greater Depth?

From the moment the Treaty on European Union was formulated at the end of 1991, I observed that (provided it was ratified, of course) it would become more difficult for other countries – notably those of Eastern Europe – to become members of the Community. I still believe this to be the case since we have now created a Community which is highly integrated and sophisticated in nature. Before returning to this point it is worth listing the criteria which must be fulfilled if a country wishes even to be considered for EC membership. These are:

1. They must be European countries.
2. They must be multi-party parliamentary democracies.
3. They must be market-type economies.
4. They must respect human rights.

Clearly the Member States of the European Free Trade Association (EFTA) meet all these criteria and negotiations between the EC Commission and Austria, Finland, Norway and Sweden are now well under way.

But of course, the real question is whether, as the Danes and British wish it, we should just go on enlarging the Community or whether, as is the preference of France and Germany, we should first deepen our policies. Morally and legally speaking, provided that applicant countries meet the four aforementioned criteria, there can be no valid reason to exclude them. Instead, in advance of any further enlargement, we have to reform the institutions and make them more efficient. Failure to do this could cause the Community to grind to a halt. This would not prevent some Member States from integrating more quickly among themselves – nor would it prevent selective policy co-operation between countries.

Regarding the future Member States and the negotiations for membership – where are we and where will we go from here? Of all

the applicants, Austria probably presents the fewest problems. Austria is already well integrated into the EC, possesses a strong currency and has a fairly prosperous economy.

In contrast, the three Scandinavian states, although they are rich countries, do present problems. They have agricultural policies which are more 'special' than the Community's CAP (though Sweden is trying to reform its own agricultural system). Then, they have major regional problems, and, correctly, they will require special aid and policies for their Arctic and sub-Arctic regions. More specifically, Norway wishes to keep control over its territorial fishing rights whilst the Swedish Temperance Organization insists on keeping the Swedish state's horrific monopoly for alcohol.

But, what about other countries? Turkey, as is its right under the protocol of the Treaty of Ankara (which established its association with the EC), requested full Community membership. This request was turned down on the grounds that the time was not yet ripe. But, Turkey cannot wait forever. Despite the fact that it is a lay Muslim state, it is a European country of the greatest strategic importance to the West. Surely, as its economy becomes stronger and its human rights record improves, the time will come when Turkey should be admitted to the Community as a full member.

Also, more recently, such progress has been made in reducing tariffs between the EC and Turkey that it is expected that a customs union will be formed between the two parties by 1995.

And what of the countries of Eastern Europe and the former Soviet Union? What kind of arrangements has the Community made with and what should it do in future for these countries? Because of the importance of this subject, I have devoted a whole chapter to Eastern Europe.

Policies for Eastern Europe

The Commission of the European Community did, with admirable speed, start to respond to the immediate educational and technical needs of the countries of Eastern Europe and the former Soviet Union the moment the Berlin Wall was demolished. These took the form of

the TEMPUS Programme which finances projects between educational institutions in the EC and Eastern Europe. The PHARE Programme (which groups 24 Western countries) organizes help for businesses in Eastern Europe and a similar programme, TACIS, organizes help for the countries of the former Soviet Union.

Apart from these laudable co-operation moves, everyone seemed surprised by the collapse of Communism. Had everyone, especially the members of MI6, the Deuxième Bureau and the CIA, taken the trouble to read Hélène Carrère d'Encausse's admirable book, *L'Empire Eclaté*,[2] published as early as 1978, they would have been fully prepared for this real revolution. In any event, however, apart from the provision of the aforementioned educational and technical assistance, the Community has tended to pay more lip service than to give concrete help to these victims of communism and the former Soviet Empire. True, association agreements have been made with the Visegrad[3] countries and with Bulgaria and Romania and co-operation agreements have been made with the Baltic States and Albania. Unfortunately the trade concessions in general, and those given in these specific agreements in particular, have not been generous. Equally, financial aid has tended to be erratic in nature. It should, however, be added that the EFTA countries have also signed trade agreements with these countries.

Personally, I am of the strongest opinion that we have a deep obligation to help the Eastern European countries and should give them improved trade concessions and greater financial assistance. Having said so much about our desire for democracy in Eastern Europe we are under a moral obligation to help them in their moves toward democracy. Equally, we should support the free trade area agreements made between the Baltic States on the one hand and between the Visegrad countries on the other. Similar agreements between countries of the former Soviet Union should also be encouraged.

Which, if any, of these countries are possible candidates for EC membership? In discussions with my colleague, Professor Robert Farlow of the University of St. Thomas, we came to the conclusion that, at the time of writing, the most likely candidates would be the Czech Republic, Hungary and Poland. I myself would add a major pre-

condition to the criteria for EC membership – but from the side of the present Community. The current EC Member States must be prepared to defend – *militarily* – any future member. This is not an inconsiderable criterion to which we shall return later.

Present and Future Economic and Monetary Policies

Of immediate and urgent concern to all Europeans and, indeed, to all citizens in the world are our current economic and monetary policies. The collapse of the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) in August this year, through the widening of the bands of fluctuation of EC Member State national currencies to 15 per cent on either side of the central parity, was a salutary watershed in the history of the Community. It is therefore a most opportune moment to review EC economic and monetary policies and to make proposals for the future.

The EC Member States are either 'open' or 'very open' economies and they are conducting 60 per cent of their trade with each other. They have, like many other Western countries, for a number of years now taken the control of inflation as their number one public economic policy goal. They are also the world's most important trade bloc. Consequently, it was both desirable and logical that they should have, as the French had always insisted, their own 'common international monetary personality'. One of the most effective ways to achieve this would be to have an economic and monetary union (EMU) and a common currency. But, apart from certain prerequisites such as similar levels of inflation, such an initiative presupposes a political desire to do so. Furthermore, as we have witnessed, any moves towards a full EMU must be set against changes in the international economic and monetary environment. So, what are the fundamental facts of economic life which we must take into account?

Basically speaking, all trading countries in some way link their currencies with their main trading partners. Small and very open economies always link their currencies and interest rates with those of their main trading partner – e.g. the Netherlands and Germany. In a monetary union, if members really want fixed exchange rates and if they are willing to give total support to each others' currencies, they