

## THE JEAN MONNET COUNCIL--GEORGE WASHINGTON UNIVERSITY

## FORUM IN EUROPEAN STUDIES

## THE DYNAMICS OF EUROPE

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In November the W.W. Norton Co. published Jean Monnet: The First Statesman of Interdependence, by British author François Duchêne, a European correspondent of The Jean Monnet Council. Few could be better qualified to write a biography of Monnet. In 1951 he wrote a series of articles on the Schuman Plan for the *Manchester Guardian*, and unlike most British journalists he was in favor of European unification. Jean Monnet took an interest in the young journalist, who was fluent in both French and English, and hired him as liaison to the Anglo-American press. By March, 1958, he was Monnet's chief of staff, writing papers and speeches for Monnet and joining in policy decisions as a member of Monnet's inner circle. Now, after years of research, he has completed what is perhaps the definitive biography of Monnet, an engaging work which fills in many of the gaps in Monnet's valuable but enigmatic Memoirs. Members of the Council supported Duchêne's project from its beginning.

Duchêne subsequently toured the United States to promote the new book, with the support of the Monnet Council. Afterwards, he was asked to give his impressions of the current state of European politics. These are presented here.

The accession of Jacques Chirac to the presidency in France and the disastrous showing of the Conservatives in the recent local elections in Britain add new unknowns to the prospects for reform of the European Union (EU). European integration, having taken giant steps forward from 1986 to 1992 with the implementation of the Single Market and with the Maastricht Treaty providing for economic and monetary union (EMU), is now well into one of its periodic phases of confusion again.

The current European political agenda derives entirely from the Maastricht Treaty and has three aspects.

The first is Economic and Monetary Union (EMU), the single biggest element in the Maastricht treaty signed at the end of 1991. Because the Maastricht treaty has been signed and ratified and contains rules for implementing EMU, this is much the best defined area in the integration schedule.

The second set of issues is not about implementing what has already been enshrined in the Maastricht treaty, but about facing up to what was deliberately left out of it. The member states were unable to agree in the Maastricht negotiations on how to fortify the supranational governing bodies of the European Union in the light of impending enlargement to much of eastern Europe and a possible EU of 27 states. They put off reform of the EU institutions to an intergovernmental conference (IGC) next year which could last far into 1997.

Finally, there is a third term, because the Maastricht treaty extended the EU to cover foreign affairs and security, home affairs and justice. But these touch the heart of sovereignty, and are subject to national vetoes in the traditional diplomatic style. Policy-making in these fields tends to directorates of the larger states as in a concert of powers.

The difficulties in tackling all but the last category of issues are due in large part to the very success of integration in the phase before the Maastricht treaty. The Single Market has inserted Europe really for the first time into the politics and social life of the ever increasing number of member states. The Common Market Commission always claimed it was "not in business but in politics". Until recently, this never quite carried conviction with voters because the impact was confined mainly to businessmen and bureaucrats. This has completely changed of late. Parliaments realise how much is going through the European not national legislative pipelines. Germans fear for the DM, Frenchmen for farming, Spaniards for their fishermen, the British for their identity, and so on. Governments whose agents still like to think of themselves as servants of great powers dislike intensely the growing constraints on their freedom to act unilaterally. A political threshold has been reached on the road to European unity which is hard to cross.

All this has been given a popular (or unpopular) twist by the increasing threat in the 1990s to the welfare state. The growing marginalisation of the unskilled male worker, high rates of longterm unemployment, unrest around the ghettos, rising job insecurity for the educated middle classes, the stench of corruption arising from politics and the boardrooms, all have tended to alienate the mass of voters from government of any kind and provided fertile soil for populists, nationalists, protectionist and racists. European integration which involves an opening out from the old familiar national ethos into a larger world, is vulnerable to this mood of angry closing in on the self. One might expect a reviving economy to moderate such feelings. A sign that matters may be changing in greater depth than this is that economic improvement, though marked in exports and manufacturing, has yet to translate into relief for the mass of voters.

In short, Europe, at the point where it might graduate from the old Community approach to the greater commitments of political union is entangled not just in the passions of national sovereignty familiar from the past, but with the sourness against all layers of government which has flowered so rapidly of recent years.

EMU is unique in the present political turmoil over Europe in that the process to put it into effect is already a matter of accepted law. A process is only a framework for action, not action itself. But the rules provide in particular that a minority of countries which feel they can do so, should go ahead in 1999 onwards, even if others do not. Such a "two speed" approach by which the more dynamic countries forge ahead has always been the *sine qua non* of progress to unity. Further, if EMU were achieved, the commitments to joint policy making it would demand would constitute a large part of political union.

EMU would differ from the present system of DM leadership in two respects: speculation in EMU currencies on world financial markets would be eliminated because the DM would automatically provide total backing to the single currency system; and EMU would extend command decision-making so far into the budget, tax, credit and other financial policies, that it would constitute by far the most powerful cement of a political union Europe has ever known. On the other hand, there is always the possibility that countries which suffer high rates of unemployment to

keep up in the hard currency stakes, might at some point face social upheavals and drop out. So long as there is no European government, only a board of governors of central banks, social-political strains could always lead to a break-up.

In fact, the social strains testing most of Europe in the 1990s raise doubts about the ability to achieve EMU on anything like schedule. Chirac's main policy plank, reminiscent of Mitterand's on arrival into power in 1981, is to roll back unemployment. France's, at 12 percent, is the highest of any of the richer EU countries and casts a dark shadow across a reviving economy, strong franc and striking export surpluses. Rolling back unemployment is probably as incompatible with a hard franc and EMU as was Mitterand's experiment in reflation from 1981-1983.<sup>1</sup> Given Chirac's well-attested unpredictability, a major question mark hangs over France in a single European currency. Without France, EMU would simply be another name for the existing DM zone and bring no change. The French dilemma and Chirac conundrum are therefore basic to EU prospects.

As regards the reform of EU institutions in the light of enlargement, there are no accepted guidelines. Chancellor Kohl has talked in terms of achieving European Union beyond challenge in his time. But this is the area where the combined opposition of establishments and populists is most marked.

Hitherto, it has looked as if the IGC might be a struggle between the British and French Gaullists, seeking to limit or even erode the supranational features of the EC, and the Germans and other states to strengthen them. The position of the federalists, as expressed by the supposedly cautious new president of the Commission, Jacques Santer, whom Kohl put in office, is that majority voting in the Council of Ministers should be extended, potentially to all decision-making in the EU except defence and taxation. In return majority voting might be defined in a more demanding way than it is now. It is not enough, in a much enlarged Union, to extend majority voting mechanically. A majority of states with only a minority of population or a majority of the population with only a minority of the states -- both possible in a Union of 27 countries and 480 million people -- will seem unfair.<sup>2</sup> In future, decisions will require a double majority of states and people alike. The federalists also consider that the only way to make the EU genuinely democratic is to reinforce the European Parliament (EP). The Parliament's powers were belatedly increased in the 1980s so that it now has a *de facto* veto on a good proportion of EU laws. The federalists wish to give it powers of "co-decision" with the Council of Ministers on all EU legislation.

The present British government, at the other extreme, stresses that it will keep open its options on EMU; opposes any increase in the powers of the EP or in majority voting in the Council of Ministers; and would prefer to reduce those that exist. It would like to give greater powers to

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<sup>1</sup> Yet Austria, a highly developed economy more closely tied to that of Germany than any other, has under 5 percent unemployed.

<sup>2</sup> In an EU of 27 states, Germany, Britain, France and Italy together would have over 53 percent of the population (255 million) but on present weighting rules less than 32 percent of the votes in the Council of Ministers. Fourteen states with less than 10 million people each would have less than 12 percent of the population (56 million) and 31 percent of the votes, virtually as many as the Big Four together with less people than any one of them.

national parliaments to deal with EU legislation at the expense of the EP.<sup>3</sup> It is keen to emphasise intergovernmental cooperation on foreign and security policies. These are formally part of the EU but in fact amount to a directorate of the larger powers.<sup>4</sup> All this is just as attractive to the French establishment (and parts of the German) as to the British. The difference is that the French place a higher price on the link with the Germans and are keener than the British on EMU, both of which attitudes, if maintained, might make them more open to compromise.

However, of late, the situation has become more complex than a straight federal-national clash. If the IGC lasts beyond the spring of 1997, the other governments might be dealing with Blair and the Labour party. Blair, though as "pragmatic" as any of the British, is likely to be more flexible than the embattled Major, notably concerning the European Parliament. Though all national parliaments resent the EP as an upstart, and the Mother of Parliaments does so perhaps more than most, Labour is more open than the Thatcher-ridden Tories to the argument that the EU should act as a democracy, not a cartel of governments. In Germany also the situation is less clear cut than might have been assumed a few months ago. Kohl and the Christian Democrats seem the stoutest champions both of enlargement of the EU to the east and of strengthening its institutions. But the foreign ministry, under the Liberal, Kinkel, has been hinting that the IGC might be a relatively minor affair. The reasoning is that since enlargement is not imminent, difficult decisions might be put off until it is. This may not last, because one of the key conditions placed by chancellor Kohl and the German CDU on EMU still seems to be that the EU should be fortified by moves in the direction of political union. So long as that remains true, the problems of EMU, enlargement and EU reform will all be interdependent. But that also means that if the will to EMU were to weaken, the whole web could unravel.

The dangers of such a situation are evident. If the Germans, under Helmut Kohl, who has sworn to complete European unity in his time in office, draw back now, one may ask how they might stand to gain from more directorates than the French or British. Also the growing unwillingness of Northern states to pay for budget transfers to the poorer members of (mainly but not only) the South and presumably in the future the East, will restrict the European solidarity which has been one of the achievements of the Delors era. It is quite easy to build disenchanted scenarios, as Delors did sometimes in the past, along the lines that if the federation cannot move forward, the EU could regress to a free trade area and to the traditional interstate diplomacy of unhappy memory. The European rhetoric of alarm has always claimed that what cannot move forward must sooner or later fall back.

Yet the corollary, that which cannot fall back presumably at some point has good chances of moving forward, has in practice been more in evidence. There are many reasons for thinking this may well remain the case. The EU is now an elaborate structure with a rule of law affecting in

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<sup>3</sup> Proposals have been vague, probably because there are no convincing solutions along such lines. The main effect could be to handicap decision-making altogether, since no single national parliament can effectively oversee decisions taken by shifting majorities of the whole EU.

<sup>4</sup> The results have been evident in Bosnia. Europe has not failed in Bosnia. There has been no Europe in Bosnia. There has been a directorate of big powers (Germany, France, Britain) variously cooperating or at odds with each other and with other big powers (USA, Russia).

depth a wide swathe of the economy. The member states and business have a great interest in its effective operation. Beyond this, the basic aim of western European societies seems to be stability. There are none of the raging ambitions that seethed below the surface between the wars. In the last resort, the EU is the embodiment of this desire for stability and peace. It frees German power by providing a generally acceptable context for it. It is the only policy France has for feeling comfortable with that power. For the smaller countries, which are neither seen nor heard in the old dispensation of great power rivalries, it has brought unprecedented influence and freedom from anxiety. It so happens that the vast majority of the present membership, as well as of future candidates, are small countries. It is most unlikely that they will sign away their main guarantee against the major powers, the EU's supranational institutions. Even the European Parliament has already been given sufficient powers to develop in the years to come.

The British, who have never given overriding priority to German policy, and perhaps the Scandinavians, may not be very sensitive to these security considerations, but the Continentals are. Unlike the British, they fear that if the goal of closer union were ever given up, the political stability which has been its main achievement might begin to come apart at the seams. This is likely to be as true of the east European states as of the present continental members. In this spirit, the Germans have proposed, and look like getting, Europol, a European FBI to fight international crime across the EU. Under Mitterand, the French and Germans have also proposed a common European budget for defence procurement. Whether or not Chirac confirms this, such initiatives show there is still scope for incremental steps to European Union.

The prospect, then, is much less likely to be an unwinding of the EU than a gradual evolutionary growth. As EMU shows, pushing integration forward is no longer a matter only of political will by governments. Once unity has reached the heart of national sovereignty, deep social and economic structures as well as popular loyalties limit the pace of movement. Advance, which in the past half century has been relatively rapid, becomes much more effortful in such heavy soil. Developments may henceforth be rather slow. They will be more rapid if EMU surmounts the undoubted obstacles to its implementation and is effectively introduced among a core of states. That would be a decisive as well as difficult achievement.

