

## Gaston Thorn, European Union or decline: to be or not to be

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## European Union or decline: to be or not to be

[...]

*The first reason* is that essential progress — recognized as such by most Member States — on the economic, monetary, financial, commercial and technological fronts is being delayed or blocked at present by barriers largely explained by the fact that our governments are fettered by structures that have remained national and administrations that jealously guard their powers and privileges.

This goes for a whole range of ventures on which immediate progress could be made if only political integration were more advanced.

The internal market is one. It will remain incomplete until such time as a decision is taken on common rules to protect the consumer, the environment and public health, until our tax systems are harmonized, until our budgetary policies are more extensively defined at Community level than they are today.

The same applies to monetary union. This declared Community objective presupposes not only consolidation of the European Monetary System and transition to the institutional stage postponed since March 1981, but also a common monetary policy and a joint public finance system.

The same applies to implementation of a consistent industrial strategy, including the development and introduction of new technologies. This presupposes a regrouping of and cooperation between European firms, for which no inspiration is forthcoming in terms of legislation, taxation, or the search for consistency in public intervention. It also presupposes geographical and sectoral options, in other words, powers of arbitration which do not exist, except for our declining coal and steel industry.

The same applies, finally, to Europe's control of its own security and defence.

The list is endless. Yet when it comes to sharing powers and responsibilities there is this inability to put the European credo into action. There is a dichotomy in integration too: on one side we have the economy and all that goes with it, on the other initiatives on defence, the arts, foreign policy or the promotion of European identity that never get off the ground or fail to produce results.

*The second reason* arguing in favour of a clear choice of political objectives is that the Community as it now stands, with its book of rules, its decision-making procedures and its limited financial resources, is no longer capable of mobilizing the potential of European society to take up the enormous challenges confronting it.

The Community system, misused and frequently flouted, has not adapted quickly enough. It is now in crisis. Not only because it has failed for months now to devise a new financing system but also — and this is even more damning — because it has proved incapable for years now of taking the decisions that should have been taken in other essential areas in time.

These findings are not an indictment of the system, still less of the Treaty, which remains the keystone of the edifice. But they are an indictment of perpetual violations of the spirit and the letter of the Treaty.

The European Council thought it was papering over the cracks when it launched the 'mandate era'. Its successes amounted to no more than postponed deadlines and shunted responsibilities.

By now the situation is far more serious than repeated breakdowns of laborious negotiations on how to share the burden of the Community budget. It has revealed that opinions on European integration, on objectives, on ways and means, are sharply divided.

*The third reason* compelling the Community to clarify its political intentions has its roots in the challenges now facing it and its Member States. These challenges call for an expansion, if not of Community, at least of European powers: any isolated response is bound to fail. I am thinking in particular of the problems of

defence and security, since no appropriate framework has yet been found for organizing more control of Europe's security.

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The history of the Community is an eternal quest for ways of circumnavigating political deadlocks and/or responding to new economic challenges from within and without. The Community was long sustained by an inbuilt dynamism. Beginning with the Coal and Steel Community — which is doing so much to promote well-ordered restructuring of our steel industry — this went on to produce the customs union, the common agricultural policy, the competition policy, political cooperation and the European Monetary System. No mean achievement. But if the Community is to develop, adapt or indeed survive, there must be a permanent political will which is reaffirmed and refined from time to time.

Only if we have the political will can we, in full compliance with Community law, devise the compromises which will enable us to clear the inevitable technical hurdles and reconcile conflicting interests. The 'cumulative logic of economic integration' of the advocates, some of them famous, of the gradualist approach to Europe is no substitute.

The Community was brought into being by responsible politicians who dared to take risks. Over the years the boldness of the founding fathers has gradually given way to the caution of the experts.

Instead of fostering political will technical expertise has finally killed it, and the Community has run out of steam.

Political will must be restored to its proper place. If political will is to find resolute, practical expression it must be sustained by clear political aims, shared by all. This in turn would give the green light for the definition of new financial and institutional resources.

Today's politicians must seize every favourable opportunity. They must not be afraid of going too far or too fast. Today we are regretting the progress that could have been made in the past had we had the courage.

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There are several ways of reaffirming and giving concrete expression to this political will. They must be pursued simultaneously, but no approach should depend from the outset on the results of the others:

(i) The first priority is early agreement on a new, credible, equitable financing system for the Community.

It will not be enough to raise the VAT call-up rate, fixed at 1% nearly 15 years ago, to 1.4%. Such a decision would take from the credibility of plans to revitalize the Community. With present common policies, a revamped rather than a reformed agricultural policy and the arrival of Spain and Portugal, these new resources would be exhausted within two or three years.

A new Commission would not even have completed its term before the clumsy procedure, from unanimous Council decision to ratification by the 12 national parliaments, would have to be set in motion again.

Nor will it be enough to devise a financing system subject to tight budgetary discipline to which two of the largest Member States — the United Kingdom and the Federal Republic of Germany — would limit their contribution, disregarding the need for solidarity and further development.

Have the political implications of such a course been seriously considered? As Chancellor Kohl said

recently, financing the development of the European Community in a responsible manner is tantamount to investing in Europe and hence in freedom. A united Europe is clearly far more important than an accounting exercise that seeks to balance the books once a year.

If we cannot agree on a long-term financing system, let us at least come to some temporary arrangement that will allow the Community to keep ticking over and let us admit quite openly that revitalization is for another day. The prospect of a financial crisis should not be used as a bargaining counter in negotiations. This would take us another step away from our aim of a Community of law. Indeed it may already have.

(ii) We must also get back, in every circumstance, to strict, constructive adherence to the letter and spirit of the Treaties. The right of veto is contrary to the spirit of the Treaties, which requires majority voting not only in the interests of procedural efficiency but also as an essential element in the integration process.

There is nothing wrong in requiring unanimous agreement on the launching of new policies. But implementation of such policies must proceed by majority decision, the practical details being left to the Commission.

Without a new financing system and adherence to the Treaties the accession of Spain and Portugal, which has been under formal negotiation since 1978, would only aggravate the crisis. Our meagre financial resources would be exhausted before long. Our limping decision-making machinery would be well-nigh paralysed. This would mark the end of the Community envisaged by the founding fathers and deal a blow to the legitimate aspirations of Spain and Portugal. It is not enough to say that we want to enlarge the Community to include Spain and Portugal; we must acquire the means to do so.

(iii) Thirdly, we must give concrete form to the efforts and progress made at Stuttgart and Athens on new policies and measures to make Community industry competitive again.

This means pressing ahead, as far as the Community's state of health will allow, with completion of the internal market — which means standards, public procurement, a legal framework to facilitate joint ventures and other forms of business cooperation, and the cutting of frontier formalities, so unpopular and so damaging to the Community's image.

It means expanding the private and public role of the ECU and consolidating the fragile European Monetary System.

The EMS, the only major advance in 10 years, must be strengthened to sustain the common market and the common agricultural policy and to protect the investments needed for economic recovery.

It is difficult to understand why certain Community currencies, notably sterling, are still outside the system. Britain's initial fears and objections proved to be unfounded. If sterling were to join the system, it would be to everyone's advantage, tangible evidence of the United Kingdom's commitment to a united Europe, a good omen that could do a lot to improve the atmosphere of Community discussions.

It is difficult to understand why the Bundesbank is still refusing to allow the German business world, including the banks, to conduct transactions in ECU. It is not good enough to blame its attitude on domestic legislation.

Claims that the ECU is not a currency, based on a debatable distinction between a currency and a unit of account, show little genuine resolve to move forward.

We must rather take every opportunity to strengthen the EMS. It can be done if we adopt a pragmatic

approach to the rules on the acceptability of the official ECU, the interest it carries and its use by the central banks.

We must also create a genuine capital market so that Community savings, which are as high if not higher than savings in the United States, can be harnessed more directly to the development of the Community and the financing of innovation and productive investment in particular.

In the realm of new technologies we must take our cue from the Esprit programme and devise strategies to make the most of technical advances in telecommunications and biotechnology.

And, despite the obvious problems, we must press resolutely ahead with our policy of cooperation with the developing world. Our policy must continue to be an example to others and thus make an even bigger contribution to an effective and lasting European presence in the Third World.

Last but not least, we must complete the task of reforming and modernizing the common agricultural policy. This work, which has only just begun, is facilitated by scientific and technological discoveries and is vital if we are to preserve the social balance and the natural heritage. All we have done so far is to stop financing embarrassing surpluses. This is nothing like enough.

Most of this could be done at once at little or no cost to the Community budget. It would help to reduce the exorbitant expense of 'non-Europe' and lead to economies of scale which would benefit our entire production machine. Our competitiveness would be improved and with it our capacity to create worthwhile and stable jobs. Tangible Community achievements would become a daily reality for Europe's citizens.

We must help our citizens, especially the young, to understand Europe, identify with it and support it. This is the way to generate new political will at government and administrative level.

Simple symbolic measures must be taken quickly. A European passport is a good idea, but the abolition of checks at internal frontiers would be even better.

Imagine for instance the potential impact on public opinion of a daily European newspaper and daily European telecasts.

(iv) Most important of all, we must do some serious thinking about the next phase of European integration.

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The Community's longstanding economic objectives, made more immediate than ever by the world crisis, will not take on their full significance until they are incorporated into a joint drive:

— to preserve and develop the fundamental values — democracy, political freedom, human rights — which are shared by the people of Europe and do not stop at the Community's frontiers;

— to affirm Europe's cultural identity, while remaining open to the rest of the world, by organizing exchanges and mastering the techniques of communication, information and training;

— to prepare ourselves to take responsibility, within the Atlantic Alliance, for our security in general and our military security in particular.

Without these added dimensions the Community will never become a shared destiny. Without these added dimensions, our shared destiny will never lead to a European identity.

The starting point for our reflections should be that the Community must remain a Community of law and an expression of solidarity. But we cannot overlook the widely-differing levels of economic development within the Community or the geo-political conditions and historical backgrounds of its Member States.

History never repeats itself. It would be foolish to attempt to restage the Messina Conference. But there is nothing to stop the European Council asking a small group of politicians from each Member State to write a report on ways and means of furthering European integration. This group, chaired by a prominent European, would work quietly in the background to define concrete bases for a consensus on all the issues which are vital to the future of Europe. The task will take time and a methodical approach. The European Council cannot tackle it between Monday's dinner and Tuesday's press conference.

This group, which would be expanded to include Spanish and Portuguese politicians once the accession negotiations are completed, would report back to the European Council at regular intervals, with the aim of reaching a conclusion by 1 January 1986 at the latest.

Without committing their respective governments, these men would accomplish an essential task if they were to emulate the methods of their predecessors — Spaak and Werner — and analyse the problems dispassionately but with conviction and enthusiasm.

The group should base itself on an unvarnished assessment of the state of the Community and its ability to deal effectively with the major issues of the day. It should also refer back to other repositories of European thinking, from the Tindemans Report to the draft Treaty on European Union.

Wherever deficiencies — or new needs — are revealed the group should suggest the most appropriate solution in the spirit of the Treaties. It is bound to consider — in depth — issues as complex as the following three, which strike me as vital:

(i) *First, the new forms of cooperation*

These are still vague catchwords rather than well-drafted proposals. Nobody is very clear about the meaning of expressions like 'l'Europe à la carte', 'l'Europe à géométrie variable' or 'l'Europe à plusieurs vitesses', which are constantly bandied about. Without getting involved in the terminology, let us recognize that a 'pragmatic and diversified' approach might prove to be useful in initiating and developing cooperation between certain Member States in specific areas connected, for example, with new technologies and application of these technologies.

That is to say, until we find something better, for it would be no panacea and certainly no alternative to the grand design of the founding fathers.

But we cannot bury our heads in the sand. Ideas of this kind are gaining currency in circles weary of the Community's dithering and delays. Yet a degree of caution is called for. We must ensure — and this could be the Commission's specific role — that any forms of cooperation implemented by specialized organizations or agencies do not impair the Community's overall cohesion. To some observers the EMS has set a precedent for such an approach. I would not go as far as that, for the EMS as it now stands is a partial step towards monetary union. That is why it is so important that all Member States should participate and work together to consolidate and strengthen it.

(ii) *Second, the recasting of the Community's decision-making process*

Integration will not be achieved unless the Commission is governed, unless its decision-making process is organized around the Commission — the institution equipped for this role — so that decisions that serve the common interest can be taken.

This does not mean that vital interests will be sacrificed. It means rather that a vital interest, clearly defined and recognized as such, will become the focus of active Community solidarity to assist the country in difficulty. It will no longer serve as an excuse for unbridled exercise of the right of veto.

It follows that each country must send dedicated and competent politicians of stature to the Commission.

The Commission, as the custodian of the Treaties, the promoter and ‘think tank’ of Europe, must have the courage to take decisions too. To my mind the day must come when the President of the Commission will be elected.

It follows that Parliament will have to be given real legislative powers on the basis of a programme which has attracted a real majority. How can we insist on a ‘more responsible’ Parliament and deny it the tools of its trade?

And why shouldn’t a ‘more responsible’ Parliament have a say in the appointment of the Commission?

It follows that the Council, answerable to a directly-elected Parliament, would have to change its ways and drop the cloak of secrecy which has distanced the Community from those it purports to serve.

(iii) *Third, the policies which are vital to the Community’s future — foreign policy and security policy*

The objective of affirming a common foreign policy can build on the somewhat modest progress made by political cooperation over the last 10 years. But I think we should consider new approaches, what the most suitable structure would be, and how this would relate to the European Council and the Community’s institutions, notably the Commission.

Progress towards a common foreign policy must, of necessity, go hand in hand with progress on security policy. In considering how best to organize our defence in a European framework we must begin by recognizing two incontrovertible facts:

— there can be no question of a European approach to defence replacing the Atlantic Alliance;

— the national forces of the two nuclear-weapon Member States cannot be removed from the authority of those countries in any circumstances or to any degree.

But this still leaves enormous scope for joint consideration of Europe’s responsibilities and resources within the Alliance.

There is no forum at present between national and Alliance level in which these responsibilities and resources can be appraised and apportioned.

Parliament, which mirrors the controversies dividing public opinion and Community governments on these issues, is viewed with suspicion by some countries because they do not want to see the House challenge options which are vital to them.

The idea of reviving the Western European Union, an organization little used hitherto, has therefore been



mooted. Without committing myself one way or the other I feel that it would be ludicrous if foreign policy were defined by ten, and defence cooperation by seven, Member States.

It is still too early to say what the best solution would be in all these areas so vital to Europe's future. But we simply must begin to consider how to link the Community created by the Treaties with developments in the wider area of political cooperation. The choice lies between placing everything under the wing of a single Community, building concentric circles, and dispersing activities into a number of Communities.

At all events we cannot allow progress towards greater political cohesion to lead to a paradoxical weakening of the Community's institutions. Do we really need distinct Treaties which will lead to increased partitioning of the Community?

Of course, the solutions will vary with the nature of the problem. But it is already clear that certain matters, the renewal of conventional weaponry for instance, would be better handled (since there is considerable overlap between civil and military high technology) in a Community framework, or a framework closely linked with the Community authorities responsible for industrial policy. It would also provide an opportunity for Member States to work for the fairer distribution of orders within NATO that they have often demanded.

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I cannot at this stage and in the time allowed go into more detail on all the issues connected with further integration in Europe. I wanted to clarify certain basic elements of the choice we must make, the choice that we can put off no longer. We simply must put ourselves in a position to exercise the options on which our common future depends. And this means, I repeat:

- guaranteeing the survival of the present Community system until such time as the next stage has been defined by mutual agreement;
- returning to strict and constructive adherence to the Treaties and Community law;
- initiating a searching study of the objectives of integration and ways and means of furthering it without any further ado, involving our Spanish and Portuguese friends in due course.

Such an approach is a far cry from the Europe of catchwords, the Europe that creates momentary public and media interest but achieves nothing solid or lasting. This approach does not reject differentiated rates of progress provided overall cohesion is maintained. Its aim is a political union that the citizens of Europe can perceive, whose final state might well resemble the Treaty on European Union piloted through the European Parliament by Altiero Spinelli and warmly welcomed in Italy, with good reason.

It seems to me that if the political, economic and social forces, and that means all of us, are incapable of insisting that our future be placed in collective and responsible hands Europe is inevitably doomed to forfeit its rightful place and role in the world. It will not participate fully in the third industrial revolution; it will count for less and less in the balance of power; it will play no more than a minor part in development, peace and security; and above all it will lose the faltering trust of its young people.

I cannot bring myself to believe that anyone would opt for decline in preference to the Union. A Union of the countries, regions and peoples of Europe is vital. But it will not be created and developed with technical compromises and legal wiles. It will not survive unless it is more deeply-rooted in our societies. Integration calls for competence but for responsibility and conviction too. The stakes are so high that integration is everybody's business.



It is true that precipitate action can be counterproductive, that the history of organized Europe is very recent compared with the thousand-year history of the nations and people of Europe. But this does not mean that we should give up and wait for better days. Integration advances day by day; but there are times when difficult choices must be made. Shirking decisions is tantamount to putting back the clock, with all that that implies. I believe that the Community is now facing one of those choices that will shape our history.

Let's have no talk of rushing our fences. The Community progresses so slowly that when it decides, if it decides at all, it is invariably late. Remember how long it took to launch the Esprit programme, how hard it was to win acceptance of an orderly reorganization of the steel industry, the endless wrangling over the budget ... No, no one can say that the Community lacks the ability to weigh the pros and cons. What it does lack are statesmen who will put their authority at the service of Europe, so that the vital choices can be made without delay.

Before I finish may I illustrate what I have been saying with a few sentences written exactly two centuries ago by an American citizen weary of European domination, who helped to make a difficult but historic choice for his country and the world:

'The superiority Europe has long maintained has tempted her to plume herself as the Mistress of the World ... Facts have too long supported these arrogant pretensions of the Europeans. Let Americans disdain to be the instruments of European greatness! Let the 13 states, bound together in a strict, and indissoluble Union, concur in erecting one great American system, superior to the control of all transatlantic force or influence ...'

With the unjustified bitterness removed and the terms changed a little, Alexander Hamilton, one of the founding fathers of the United States of America, could be describing our situation 200 years on. I would like to think that the parallel might jolt us into action.