

European Integration on the Threshold of a New Era: Challenges and Dilemmas Raised by EU Enlargement

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Almost half a century has elapsed since the establishment of the European Community (EC) and the question is still being asked: ‘What is Europe?’

In January 2000 Jacques Delors, former President of the European Commission, warned, ‘The project of Europe’s founding fathers risks being watered down’. In April, two statesmen who had done much for the cause of integration—France’s Valerie Giscard d’Estaing and Germany’s Helmut Schmidt—also issued an admonishment. The time had come, they said, for Europe to slow down and consolidate around a core group of countries. Amid such dire warnings, I cannot help feeling some diffidence in talking about the European Union (EU) as a success story.

Some might ask, What greater proof of success is there than the fact that many countries are trying hard to get into the Union? Brussels is actively negotiating membership with 12 candidates mainly from Central and Eastern Europe. First admissions are expected in three years’ time.

However, it is this very prospect of growth that is raising widespread alarm, for it confronts Europe with one of the major challenges in the history of its unification.

The most obvious test Europe faces is maintaining the manageability of a Union that has almost doubled in size. Then there is serious concern in many quarters that enlargement is likely to have a profound effect on the *nature* of the Union. Clearly, a Union of 28 is bound to be a different creature from a Union of 15 that has been integrating for almost half a century.

Europe’s politicians are, therefore, plunged in a debate that goes way beyond the search for bureaucratic solutions to problems raised by the admission of new members. Indeed, its leaders are being admonished to give careful thought to the goals and ultimate form of European integration. Such soul-searching questions are being raised as: What is Europe really about, and what does it mean to its own citizens and the rest of the world?

This paper will confine itself to three points:

- a brief sketch of the evolution of European integration;

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- a report on its current agenda of concerns; and
- an assessment of the impact of the latest developments on Europe's role in the world.

Oddly enough, we hear little reference to the original goal of integration among all the alternative scenarios being touted for the future development of Europe.

It was in the wake of the Second World War that enlightened French and German leaders sought ways of ensuring that there would never be a recurrence of the wars that had hit Europe twice in less than half a century. As Robert Schumann, then French Foreign Minister, put it, 'To bring European nations together there must be a final ending to the eternal hostility between France and Germany.'

As a start, the main industrial sectors on which military capability depended, coal and steel, were placed under a supra-national authority in 1951, to be known as the European Coal and Steel Community. It was made up of six countries: France, Germany, Italy, the Netherlands, Belgium and Luxembourg.

That is how the process of European unification started. The main purpose was to prevent war, but Schumann also saw the new Coal and Steel Community as a first step towards a federal Europe. Intense European co-operation was soon to be directed towards political and military integration. Its initial purpose was ambitious, no less than the establishment of a common European army. However, just when the European Defence Community seemed to be well on its way in 1954, the French parliament refused to ratify the treaty. The surrender of national sovereignty in military matters was still a bridge too far.

In retrospect, the success of the Coal and Steel Community and the failure of the Defence Community can be seen as a foreboding of the pattern that European integration was to take during the subsequent 50 years. One can say that Europe unified by fits and starts. In fact, a Dutch commissioner has asserted, 'The European Union has advanced only when it had its back to the wall.'

When political integration seemed impossible, Europe took another route towards unification, namely economic integration. In this, Europe proved to be very successful. A customs union was established in 1968 and a single market completed in 1992, ensuring the free movement of labour, goods, services and capital throughout the Union.

It was the Treaty of Maastricht in 1991 that marked a breakthrough in the European integration process. For one, it brought the Economic and Monetary Union into existence and, by the year 2002, the euro will be the currency of most countries of the EU. Member states have already transferred substantial parts of their national (monetary) sovereignty to an independent European Central Bank. For another, Maastricht gave the EU the institutional structure we know today. However, a truly supra-national structure was not attainable, in the sense of giving common European institutions a say in all EU policies.

Maastricht, however, created a *political* union, an idea that had been rejected in the 1950s. The EU was given a function in both internal and external security, but only to be exercised in an inter-governmental manner.

The London weekly, *The Economist*, last year characterised the EU as 'the club that

ate a continent'. The original six founding members have been joined by nine other countries. Twelve countries, including the Baltic States, are in the process of joining. Indeed, the geographical notion of Europe is becoming more and more synonymous with that of a multilateral organisation—and those still on the outside are understandably infuriated when 'Europe' is used as shorthand for EU.

Enlargement is, by now, a foregone conclusion. But its implications for the functioning of the EU and its future development are not yet fully discernible.

Let us first pause and look at the prospective members. All their economies lag behind the average per capita GDP in the EU states by about 60%. Among current members, four percent of the working population are farmers: among the candidates the average is 20%, that is, five times higher. Major obstacles in economic structure and working conditions will have to be overcome before the new members can be fully integrated.

It is not only a matter of economic disparities. New members will have great difficulty in satisfying the stringent formal criteria for admission adopted by the 1993 European summit in Copenhagen. They demand of applicant states:

- a stable democracy and a respect for human rights;
- the establishment of a viable market economy; and
- compliance with all of the EU's existing rules and regulations, the so-called *acquis communautaire*, which consists of over 80,000 pages of laws, rules, and standards.

If the criteria are strictly enforced, none of the candidates will enter the EU in the near future. It is likely to take some candidates 20 years to conform to the environmental standards alone.

Consequently, the countries of Central and Eastern Europe are engaged in a very drastic transformation, involving painful social consequences. One cannot help wondering how long the peoples of the candidate states are prepared to undergo the transitional process.

In fact, the enlargement discussion is just a framework for several political issues which would have been on the EU's agenda anyway, issues which give us a good insight into the concerns that further deepening raises. I would like to refer to three of them:

- the urgent need for institutional reform;
- the prospect of differentiated forms of membership or different speeds of adherence; and
- the EU's further development as a community of shared democratic values and norms.

An association of 30 members or more cannot function with regulations originally designed for a club of six. While everyone recognises the urgent need for institutional reform, the Union members differ on what solutions are acceptable. Compromises will have to be devised by the ongoing inter-governmental conference on institutional reforms before December 2000. That is when a treaty is planned to be concluded in Nice, paving the way for the admission of new members.

But there is still a long way to go to solve problems which have daunted previous

negotiators for years. Some of them are, in fact, facetiously known as the ‘leftovers’ of the 1997 Treaty of Amsterdam. Problems that have hitherto proved intractable are:

- the need to reduce the size of the European Commission, the Union’s executive body;
- the redesigning of the current system of voting power in the Council of Ministers, the body that passes all EU legislation; and
- the limitation of unanimity voting.

For example, even if the larger states relinquish their right to two commissioners each, that would leave a Commission of over 25, making decision-making even more cumbersome than today. Also, enlargement is bound to make consensus more difficult to reach than it is today. Most countries are very reluctant to relinquish their control over vital national concerns such as taxes and defence to majority voting.

This paper has referred to problems resulting from a *change of scale*. Reform, however, will need to address challenges to the very *nature* of European integration.

Enlargement will ineluctably bring about an intensification of the degree of political, economical, and cultural diversity among its membership. The process of assimilating the new applicants will, therefore, have to permit different rates of transition to common norms, or even exemptions in individual cases.

At the same time, a fierce debate is raging about *deepening* the EU—as distinct from enlarging it; in other words, about how the very process of European integration should continue. A new structure is needed which permits the integration of a highly diverse community; a community that can still advance without, so to speak, the slowest ship determining the speed of the whole convoy.

Many structural models have been discussed to permit different paces of development. One model is called the ‘Europe à la carte’ model, where each member state can pick those areas in which it wishes to co-operate. There is a danger, however, that individual countries would pick the ‘goodies’ and reject the sacrifices that integration demands. Another is called a ‘two-tier Europe’, but this would create an inferior class of members.

Discussion is now centring on the identification of areas where integration can advance at variable speeds. A structure is being discussed which would facilitate what is now called areas of ‘enhanced co-operation’. As a matter of fact, the EU already works in specialised groups with different memberships: for example, the 15 member states do not all belong to the Economic and Monetary Union and the Schengen agreement on the free movement of travellers. They are core groups of members co-operating more closely in one policy area, which other states can join at a later stage.

However, the EU cannot afford to allow such groups to multiply without risking institutional fragmentation. Nor can flexibility be allowed to interfere with the Union’s present rules, especially those governing the internal market. Different levels of integration could, for example, easily lead to a distortion of competition.

New arrangements are, therefore, needed to allow members to indicate their co-operation on new projects which have not been adopted for integrated action by the Union as a whole.

A common defence policy could be seen as a suitable subject for flexibility. On the principle of 'enhanced co-operation', 10 EU members, who are also members of the West, EU and the North Atlantic Treaty Organisation (Nato), could form a core group, without obliging the neutral countries to undertake joint military action activities.

The debate on whether the Union should be more than a free trade zone lies far behind us. The Union engages in a growing number of *political* areas, and claims to be a community based on shared values and norms. It asserts that countries that do not respect the principles of democracy, legal order and human rights have no place in its midst. The Treaty of Amsterdam includes provisions to suspend members from participation in the decision-making process if they violate these principles.

The nearest the EU has come to acting on these provisions was in the case of Austria, when the extreme right-wing party, the xenophobic Austrian Freedom Party—known as the FPÖ—joined a government coalition. The 14 other EU members avoided adopting a Union response, but instead froze their own *bilateral* relations with Austria. In retaliation, Austrian leaders have threatened to block all Union action by using their country's right of veto. Indeed, Austria could even bar enlargement.

The Union members have agreed on the basic political principles it expects its members to share, but they clearly still need to develop working procedures to discipline a member's failing to do so, without risking all forms of co-operation. The risk of such dilemmas can only become more common once the Union is joined by the new democracies that have emerged from the former Soviet bloc.

In 50 years, European integration has come a long way. No other international organisation has achieved the same degree of supra-nationality. In fact, the content of approximately 40% of national legislation is now decided in Brussels—and in the transport sector, the proportion is as high as 70%.

But what of the prospects of further European integration? In fact, dare one make any predictions about the EU's future?

Enlargement and its effects will, no doubt, continue to preoccupy the EU for the foreseeable future. With internal economic integration almost completed—at least among its current membership—the Union's next agenda is bound to be focused on Europe's position in the global economy.

The main challenge will be the consolidation of its members' ability to compete against the United States (US) for markets in the new information economy. Most Europeans insist that this must be done without sacrificing the social security systems that their peoples have achieved over more than a century.

A remarkable development is the blurring of the distinction between internal and external policies. The EU is influencing a growing range of internal policies in member states, such as drug control, the suppression of crime and the regulation of migration.

Political co-operation is likely to continue growing, but the EU still has a long way to go before it can claim to have achieved the ideals of political integration.

The EU is still, in many ways, a Union of contradictions. It lumps together small states and world powers, Nordic and Mediterranean societies, neutral states and

military allies, protectionists and free traders—as well as nationalists and federalists.

EU policies are often the result of the complex interplay of conflicting interests and, consequently, can be unclear if not ambiguous; that is in the nature of compromises. The development of the European integration process itself can appear opaque. These are realities that have to be taken into account by third countries in dealing with the EU.

No policy reflects the EU's internal contradictions more blatantly than its aid to developing countries, frequently condemned for its lack of consistency, if not wastefulness. Take, for example, the European Common Agricultural Policy: it directly contradicts the avowed aim of aiding sustainable development in other continents. Few national leaders can afford to ignore their powerful farming lobbies in serving the cause of universal economic development.

Despite such shortcomings, the EU's influence is growing on the world stage, especially in international trade, where the European Commission has exclusive competence to negotiate on behalf of its members. The Union plays a powerful role in the World Trade Organisation and other global forums. The Commission speaks for all its 15 member states whenever it negotiates with potential new members. The appointment of Javier Solana as High Representative for foreign and security policies gives the EU a focal point for transactions with the rest of the world.

The EU has also established working arrangements with bodies in other continents. Examples are the Transatlantic Agenda with the US, the Asia–Europe meetings and the holding of regular summit meetings with leaders of the Southern Common Market (Mercosur) of South America and the Organisation of African Unity. These surely reflect the EU's transition from regional to global power.

However, in performing its international role, the Union is still handicapped by the absence of internal political unity. The introduction of a common currency, in the absence of a common political commitment to monetary integration, was seen by many as a hazardous undertaking. The 20% drop in the value of the euro with respect to the American dollar seems to have borne out their scepticism.

Indeed, despite the achievements of the last 50 years, the 'Europe of the Fifteen' is still searching for answers to some pretty fundamental questions. How much of its national sovereignty is each member state prepared to give up? How far will states go in establishing a common defence capability? And, finally, where lie the boundaries of Europe? All are issues which seldom get straightforward answers. They are too disturbing.

Nevertheless, Europe is not devoid of international ambition, if we are to believe Germany's Chancellor Gerhard Schröder. In November 1999 he asserted in a speech to the French Parliament that, internationally, Europe can no longer remain an observer, but will have to be a decisive actor in world politics in the 21st century.

To do that, it will have to be able to speak with one voice. The awkward questions will have to be squarely faced and dealt with. It may well be the European need for a powerful voice in international politics that will ultimately compel a review of the Union's fundamental objectives—and force agreement on what Europe really wants to be in an increasingly interdependent world. The EU has changed over half a century. So has the rest of the world.