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**The European Integration Experience – Lessons for East Asia
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Historical Overview

The construction of the European Community is one of the biggest regional integration project undertaken after 2nd World War. While not everyone within Europe would concede that European integration is all positive, there is no doubt, particularly for external observers in East Asia, that the European Union is the most highly evolved example of regional integration.

As it is commonly portrayed, the European Union was born out of the ruins of two devastating world wars. After the second World War, the dangers of nationalism and futility of war were recognized by many, but it took some visionary leaders like Konrad Adenauer, Robert Schumann and Jean Monnet to devise a scheme to bring about gradual integration of Europe. The growing hostility between the US and the USSR, and the perceived Soviet threat provided further impetus for the Western European countries to come together.

The first step towards integration was the creation of the European Coal and Steel Community (ECSC) in 1951 (Treaty of Paris). Though only a small step in itself, it was significant because of the supranational nature of the organization governed by a 9-member High Authority.

While the ECSC made modest but solid achievements in its first four years, there were limits to its abilities and Europeanists felt that something need to be done to give momentum to the cause of integration. After numerous discussions and negotiations, the 6 founding members of ECSC, Germany, France, Italy, Belgium, Netherlands and Luxembourg signed the two Treaties of Rome in 1957, one creating the European Economic Community and the other the European Atomic Energy Community (EURATOM), both of which came into force in 1958 (McCormick 1999:68).

The rest of the European integration story is well-known to us - first enlargement in 1973 to include Great Britain and Denmark, then second round of enlargement to take in Greece, Spain and Portugal, third enlargement in 1995 with Austria, Finland and Sweden. Significant deepening of the European Community also took place, though over the years, there are stops-starts, ups and downs. It was never entirely smooth-sailing, and progress was uneven. Indeed for a large part of the 1970s, the European Community was thought to be steeped in “Eurosclerosis”. European integration had lost momentum. No new ideas were in sight and what “pessimism and sclerois” ruled the political agenda. It took two farsighted Foreign Ministers (Germany’s Hans Dietrich Genscher and Italy’s Emilio Colombo) to tackle the issue head on and suggested a political platform for the future

stages of integration. They confronted the member states with the burning but awkward question whether they wanted to acquiesce with a half hearted integration or whether they were prepared to set aside narrow minded policies and give the European Union a shot in the arm.

The two ministers managed to rally support for what was termed a solemn declaration on European Union. It was approved at a European Summit in Stuttgart in June 1983 under German presidency. The solemn declaration is largely forgotten because it proved to be tremendously successful. Two years after adopting the Solemn Declaration, the EU negotiated an amendment to the treaties opening the door for the Single Market and at a later stage the economic and monetary union and for the first time incorporated foreign policy in the treaties (Moeller 2006).

The passage of the Single European Act in 1986 was widely acclaimed as the most important and successful step in the process of European integration since the Treaty of Rome not only because it created the single biggest market but laid the groundwork for political union by giving legal status to the European Political Cooperation (EPC), made economic and monetary union possible, and gave new powers to the Court of Justice. (McCormick 1999:77).

The political, socioeconomic and security landscape of Europe was changed slowly through a step-by-step process from Customs Union to Common Market to Economic and Monetary Union. As the body of treaties and laws increased, and more and more institutions come into being, they began to change the way Europeans relate to each other and work together. The optimism and burst of energy generated from the Single European Act, and the difficulties of maintaining a strict dichotomy between economic and political affairs led to the next ambitious step to create a Political Union (which some claimed was the original goal for the European integration project, but which could not be attained in the early years because of sensitivity and other practical constraints.)

Towards a Political Union and a Constitutional Treaty

The Treaty of the European Union (or more commonly known as the Maastricht Treaty) signed in 1992 set the next important stage in the process of European integration. The European Union is to be built on 3 pillars – a reformed and strengthened European Community, a Common and Foreign Security Policy and Justice and Home Affairs.

While widely accepted as another milestone of the European Union, the Maastricht Treaty is difficult to read, even more difficult to understand and while most member states endorse and support the Maastricht Treaty, it was supported by only half of the voters in France, rejected by Denmark in its first referendum and subsequently adopted only with reservations put on the defence arrangements and on single currency. And it is also being questioned in the UK which opt out of the social policy.

Herein I think the doubts about further integration are being questioned, particularly by the people. Moeller argued that there is some kind of dichotomy between the politicians and the people. While the majority of the politicians recognized that national sovereignty is becoming an empty shell as most of the problems faced by the national states cannot be solved by the nation-states alone, this was not honestly explained by the politicians to the people and not fully understood by the people.

The Treaty also suffers from the difficulty that it was negotiated when two apparently contradictory currents of economic internationalization and cultural decentralization entered the European scene. Economic internationalization was appreciated and hence the objective of economic and monetary union as a policy response. Cultural diversities are recognized and introduction of cultural decentralization is reflected in the principle of subsidiarity. Putting all these elements into the Treaty while laudable actually make it difficult to explain simply what the Treaty means. This is further compounded by the fact that the Treaty is a mixture of supranational items and inter-governmental cooperation which again creates confusion (Moeller 1995:77-79).

Ten years after the Maastricht Treaty, achievements in the two pillars of Common and Foreign Security Policy and Justice and Home Affairs remain patchy. Denmark, Sweden and Britain remain out of the Single Currency area. And political union remains very much a work in progress.

The “big bang” enlargement in 2004 to the erstwhile Central and Eastern Europe, resulting in the expansion of the European Union from a membership of 15 to 25, while largely applauded also brought stresses to present structure and institutions. It was the reality of this large-scale enlargement that triggered the whole process of the review of existing treaties, discussions of institutional reforms and culminating into the drawing up of a new Constitutional Treaty.

Richard Baldwin in tracing how the Constitutional Treaty came about commented that the Constitutional Treaty is really quite a bit of puzzle as EU leaders have never explicitly asked for a constitution to be drawn up. The whole process of institutional reviews and reforms linked to the “big bang” enlargement somehow snowballed and took on a life of its own. The failure of the 2000 Nice Treaty to address the urgent enlargement-related institutional problems was the trigger that led to the convening of “Convention of the Future of Europe” which then became a “Constitution-writing Convention”.

The Constitutional Treaty is a complex document. The bulk of it is merely a re-organisation of the existing treaties and contains a number of changes that really do not need a treaty change to implement. However, there were some half a dozen of significant changes in the EU’s structure. It removes the three pillars that were put in place in the Maastricht Treaty, makes the Social Charter (the Charter of Fundamental Rights) part of EU law, and it creates a new way to make some modifications to the Treaty without the possibility of referendums. It also tries to solve the urgent and obvious institutional reform issues that the Amsterdam (1996) and Nice (2000) Treaties failed to resolve

satisfactorily – especially those concerning voting rules and composition of the Commission (Baldwin 2006:11).

Cutting a long story short, the constitution-drafting and ratification processes revealed that the dynamics for further integration have changed particularly with the big bang enlargement. Cracks and dissatisfactions are beginning to show and grow with regards to where and how European integration should proceed, and fundamental questions on how deep and how wide should the European Union be are being raised.

The Present state of European Integration

Dynamics that drove the further integration of the EU is weakening because of:

- Lack of leadership
- Lack of communication of policy priorities and positions
- Lack of involvement of MEPs and European Commissioners in national debates on European issues
- European integration is reaching a stage where it encroaches more and more on core national sovereignty
- Crisis of the nation-state itself (popular support for the EU has dropped because nation-states in dealing with their own domestic malaise – such as rising inequities, growing sense of insecurity, etc – resort to using the EU as a scapegoat for their own ills and policy failures)

This has led to the rejection of the Constitution in 2005 by two of the founding members, France and Netherlands, provoking a sense of crisis.

Following the French and Dutch rejection of the EU Constitution in their respective referenda, there was initially a sense of gloom because of the blow to international credibility of the EU at a time when the latter was keen to become a more important global player in the face of increasing US unilateralism. There was then the hope that a more cohesive and strengthened EU would act as a sort of counter-balancing force vis-à-vis the US. The fact that the EU has just enlarged from a community of 15 to 25 added to the uncertainty and concerns that the constitutional crisis may lead to problems of reform within the EU.

However, cautious optimism returned in 2006. The optimism with regards to the EU process has been fuelled by three factors.

- First, the moderate increase in economic growth of the EU from 1.7% in 2005 to 2.8% in 2006.
- Second was what is seen as successful enlargement process, and the successful implementation of the Lisbon agenda which was beginning to produce some concrete results of engendering better growth prospects and creating more jobs at the same time.

- Third was the relatively good prospect for the approval of a less ambitious and more pragmatic reform treaty in replacement of the Constitution.

Three other trends also contributed to the sense that the EU integration is the best way forward. The first is that despite all the perceived problems, the EU remains an attractive option and an important magnet for many countries as it is seen as providing political stability and prosperity. One of the main political implications of enlargement is the consolidation of democratic transitions in the countries that sought membership within the EU. And as the EU expands to become larger, it in turned impact the way the outsiders look at Europe.

The second trend is the new emphasis on debate on the reform of the EU process. As a result of the constitutional crisis, there was a general realization that the citizens were detached from the political process of the EU. To re-engage these citizens, there was the need for more debate, dialogue and democratic participation to rethink the way politics is conducted in the European Union.

The third trend is the securitization of various non-traditional security issues such as immigration and climate change that make policy coordination within the EU ever more important. The emergence of a new generation of political leaders such as Merkel and Sarkozy, and emergence of new parties at the fringe of societies, that are more radical in their agenda and willing to challenge the traditional consensus, and showing stronger tendencies for change.

This sense of optimism together with changes in leadership in key European countries has given fresh impetus to the European Union to push for a Reform Treaty to replace the Constitution. Some people see the Reform Treaty as the Constitution coming in by the back door as 90% of what is proposed in the Constitution is also in the Reform Treaty. However, there are some substantive differences, the most important of which is that the Reform Treaty only seeks to amend the existing treaties and not to replace them. Also, the Charter of Fundamental Rights is now being relegated to an Annex. Its visibility has been reduced but the provisions will probably still be legally binding. And finally, member states have negotiated some new opt-outs which raised the question of how overall cohesion and commitment to the EU may be affected.

The Reform Treaty (officially known as the Lisbon Treaty) has been agreed by the EU leaders in October this year (2007) and will be signed at the December Council meeting . Apart from replacing a defunct European Constitution, there are also some new innovations within this Reform Treaty. The first is the provision for the EU leaders to choose a European Council president for a 30-month term. This will replace the current rotating six-month presidency.

The second is the provision of an EU Foreign Minister that would combine the diplomatic power of the High Representative of the CFSP and the financial power of the External Relations Commissioner that would give the EU a bigger voice on world stage.

The third is the double majority system – there is a reduction of the veto power and increase in number of issues to be decided by Qualified Majority Voting (QMV) but this must satisfy 55% majority of member states and 65% of population.

The different areas of competence is also more clearly defined. There are now three different cases of competence. The first is what is called “Exclusive competence” which refers to those areas in which the EU has the power, and the legal personality to conclude international agreements such as in the areas of commerce (trade), monetary affairs, customs matters, and now also in the area of competition, fisheries policies, etc.

Then there is “Shared Competence” where both member states and EU have power to shape policies on social cohesion, environment, justice, etc. And finally, in the area of “supporting competence”, the member states wield the decision-making power over matters on culture, education, civil protection, and the EU only plays a supporting role.

Despite the agreement on the Reform Treaty, there continue to be causes for concern and caution:

- There are still popular opposition to reforms (as seen in the most recent strikes by train workers and civil servants); cross-border mergers and acquisitions remain sensitive provoking economic nationalism
- Institutional changes still need to be pursued
- Fear over the “absorption capacity” of EU and “enlargement exhaustion”
- Power projection of EU may still go wrong – EU’s global diplomacy may yet be badly tarnished with the failure of the Doha round.

What lessons can East Asia learn from the European experience?

1. Functional cooperation and functionalism

European integration started with cooperation in a specific area (in this case, the coal and steel industry). It was often said that Monnet and Schuman were functionalists – they opted for integration of a specific area in the hope that this would encourage integration in other areas (spillover effects).

Some pre-requisites must also be present before integration can proceed:

- public attitudes must switch from ultra-nationalism to desire for cooperation;
- cooperation / integration must be promoted for pragmatic reasons rather than altruistic reasons;
- readiness to delegate real power to a supranational authority

Which areas can East Asia begin? Is “nationalism” ever discredited in Asian countries? Are Asian countries still actively building a “nation” and hence discourse and policies are

very much oriented towards “nation-building”? If so, can regional integration take place at the same time?

2. Leadership / Drivers

The European project began with visionary leaders such as Monnet and Schuman. Every time when the integration process stalled, you need a champion, a group of determined political leaders to assume the role of drivers / initiators – eg Jacques Delors, Mitterand and Helmut Kohl in the mid to late 1980s.

In East Asia, there is at present a lack of leadership. Without the reconciliation of China and Japan, the two biggest powers cannot play the role that Germany and France have played in the integration process.

However, leadership is a critical factor. And in the absence of China-Japan reconciliation and joint leadership, East Asia must devise a new model of leadership (which works in line with idea of functional cooperation) – what I called “Issue-based leadership” – that is to have different clusters of countries jointly taking up leadership and responsibility for a cluster of related issues.

3. Institution-building / Identity building

The European integration project shows us the importance of institution-building. However, since there is still no vision and consensus about the content and model of an East Asian community, East Asian cooperation now essentially depends on informal and semi-formal consensus building mechanisms. There is a high degree of reliance on informal modes of cooperation and organisation rather than formalised structures and rules. The question is whether such consensus-building is a viable alternative to conventional institution-building. It is still not clear how determined East Asia is in moving beyond informal mechanisms to creating its own formal regional institutions to take the process of East Asian cooperation further.

4. Political goals and practical benefits for the people

The European integration show that while vision and grand political goals are important, political elites must also translate them into concrete benefits for the people. The “EU” passport that makes people special and feel that they are “EU citizens”; the students exchange and university exchange, etc, are all concrete policies that people can see and feel that they have benefited.

Similarly, in East Asia, for integration to gain ground, more and more practical measures, for example, to make businessmen travel easier, increase students exchange, etc, will be useful.

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