

Institutional Change And The New European Politics:
The European Community,
European Political Cooperation
And the Western European Union

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Introduction

Europe is presently undergoing profound changes. Most of the attention, at least in Western Europe, has been on the programme to complete the European Community's (EC) internal economic market by 1992. This attention is not unreasonable, both because of the tremendous impact that Project 1992 will have, and because this programme is the centrepiece of Community activity. However, the market completion is not all that is happening in Europe. The document that set Project 1992 in motion also introduced some important institutional changes into the EC's structure. In addition, the changes that are currently sweeping Eastern Europe are changing the political context of Western Europe. Finally, the market completion itself cannot help but have important political implications. Economics and politics are not neatly separable, and so a reordering of the Community economy on the scope envisioned by Project 1992 is bound to have dramatic repercussions on the politics of Europe.

The object of this paper is to examine a small section of these political questions. There are several pressures building for a more united and independent Western Europe. The market completion will almost certainly result in a more politically united Community. The lessening of East-West tensions and the growth of West-West tensions are already impelling Europe to take a more independent and unified approach to its foreign and security policy. If Europe is to respond to these pressures and begin pursuing European policies in its foreign and security affairs, there will need to be an institutional focus for such policy.

There are already institutions in place, which are designed to provide fora for the consideration of these very policy areas. The European Political Cooperation (EPC) is an intergovernmental body whose function is to coordinate the foreign policies of the members of the EC in order to work toward a European foreign policy. In addition, the Western European Union (WEU) was originally founded to act as a focus for the development and execution of a European security policy. While the WEU had fallen into obscurity, it is still available and, in fact, has been recently reactivated. The central question of this discussion, therefore, is what role can be foreseen for the European Political Cooperation and the Western European Union in the new European politics.

The first step in answering this question is to examine the current institutional framework of the European Community, the EPC and the WEU, and to consider the recent changes to these institutions. The central bodies of the European Community, and the relationship of the EPC to the EC, were changed by the Single European Act (SEA) of 1987. While the WEU was not discussed in the SEA, and has no institutional connection to the EC, it has also recently undergone some important developments. The WEU was reactivated in 1984 after a fifteen year dormancy, and it has subsequently been enlarged. The examination of these institutions and the changes to them are the subject of the first section of the paper.

The second section considers the political implications of the completion of the internal market. Using some of the insights of the theories of European integration, it is suggested that Project 1992 has the potential to result in a much more politically unified Europe. Thus, in the final section, given the present state of the European institutions and the potential of the market completion for political integration, the implications of a European foreign and security policy for the EPC and the WEU are considered. The discussion concluded with a consideration of some of the issues these developments raise for Canada and for the NATO alliance.

The Current Institutional Pattern Of European Politics

The European Community

The European Community is an agglomeration of three, formerly independent communities: The European Coal and Steel Community (ECSC), The European Atomic Community (Euratom) and the European Economic Community (EEC). These three integrative bodies formally merged in 1965 creating the European Communities (EC).¹ Each of the three communities had an

¹ See Stephen George, *Politics and Policy in the European Community*, (Oxford: Clarendon Press, 1985), 1. As the title of his book suggests, and as he makes explicit in the opening chapter, the common appellation of the EC is the European Community, even though the three are formally independent (though merged) institutions, and the title the EC itself uses is the European Communities. This creates a terminological mess which the student of European politics simply cannot avoid. All the institutions have their own acronym and names are indetermi-

identical institutional framework and membership, and so as they merged, the sister institutions were simply combined. This merger provided the EC with four principal institutions: the European Commission (or the Commission), the European Council (Council), the European Parliament (EP) and the European Court of Justice (ECJ). The ECJ is not directly relevant to this discussion, although it may play an ever-greater role in a more unified political Europe, and so attention is focused on the other three.

Anne Daltrop has summarised the essential institutional characteristics of the European Commission, which is at the heart of the Community:

There are seventeen Commissioners, each chosen by joint agreement between the governments of the member states, two from each of the larger countries, France, Britain, West Germany, Spain and Italy; one each from Denmark, Greece, Portugal, Ireland and each of the Benelux countries. A President is chosen by agreement between the member states from among the seventeen, serving for a two-year term of office which is renewable. Once appointed, the Commission members take an oath before the Court of Justice in Luxembourg. They undertake that for the four years of their appointment they will not seek to represent national interests, but will try to move the Community forward toward its stated aims of further integration.²

Politically neutral, at least in theory,³ the Commission oversees the permanent Community bureaucracy, and is thereby responsible for the daily functioning of the Community as a whole.

The leading role of the Commission, and the increased relevancy of the Community, have combined to invest considerable power in the office of Commission President. The current President, Jacques Delors, a former cabinet minister in Francois Mitterand's French Socialist government, has used the power and prestige of the Commission presidency to shepherd Project 1992. He has become, particularly after internal market commissioner Lord Cockfield was not reappointed, almost the personification of the new Europe,⁴ a new Europe which received a fairly strong endorsement when M. Delors was recently reappointed as President through 1992.⁵

While the Commission is the central operating institution in the EC, the Council is its political head. The Council comprises a representative of the government of each of the member states. The Presidency of the Council is held by each member country in turn for a term of six months. The Council can meet at a number of levels, with the minister or ministers of the departments relevant to the subject of the particular agenda taking their state's seat for any given meeting. Most commonly the Council convenes with the Foreign Ministers, but also convenes with the heads of government at least twice annually, once under each country's Presidency.⁶ Decisions are taken in the Council by one of two means. On those issues which most closely affect the sovereignty of the member states, unanimity is required. In most other cases passage is by a qualified majority:

nate. For example, EC means European Communities, European Community, European Commission, and European Council. The first two are the most common, but all have appeared. For this discussion, EC will refer to the Community as a whole, which will be labelled in its common form, the European Community.

² Anne Daltrop, *Politics and the European Community*, 2nd ed. (London: Longman, 1986), 56-58.

³ This neutrality can get Commissioners into political hot water from their home governments. Lord Cockfield, one of the architects of the 1992 project and second only to Jacques Delors, angered his political boss, Britain's Margaret Thatcher, with his European boosting. While Thatcher could not have Lord Cockfield fired, as he was responsible to the Community, she could, and did, neglect to renominate him at the close of his term. While the Commissioners are appointed upon the consent of all the members, the individual government whose seat is being filled does have the right of nomination.

⁴ *The Economist* seems to get no end of pleasure from painting Delors as a reincarnation of the Bourbon Kings of France, having rediscovered the realm of absolutism on the European stage. This is a rather overblown caricature, but it is interesting that, apparently, some of the bureaucrats in Brussels have taken to calling M. Delors, President Delors.

⁵ M. Delors has been President since replacing Gaston Thorn of Luxembourg in 1984. Daltrop, *The European Community*, 58.

⁶ Kerr, Anthony J.C., *The Common Market and How it Works*, 3rd ed., (Oxford: Pergamon Press, 1986), 64. The most recent such council was held in Madrid in June of 1989. It was potentially a watershed Council, as Margaret Thatcher, the lonely opponent of many of the elements of 1992 gave support, if grudging and limited, to the plans to integrate European currencies, a proposal to which hitherto she had been staunchly opposed.

A qualified majority is determined by giving each member state a specified number of votes: ten to each of the four largest states, the United Kingdom, France, West Germany and Italy; eight to Spain; five each to Belgium, Greece, the Netherlands and Portugal; three to Denmark and Ireland; and two to Luxembourg. Fifty-four votes out of the total of seventy-six constitute a majority.⁷

One of the most important institutional changes effected by the Single European Act, to which this discussion returns below, is the extension of the areas covered by the qualified majority mechanism.

The Council is the ultimate decision-making authority in the EC. Most decisions of any substance must be passed by the Council, although the Commission does have certain areas of initiative, areas which again were expanded somewhat by the SEA. Ultimately, however, power rests with the member governments and is expressed in the Council.⁸ This final authority drives home the fact that, despite a Community commitment to eventual integration, the EC is an intergovernmental organisation, although more fully integrated than any other such organisation.

The intergovernmental nature of the EC is further emphasised by the role of the final EC institution, the European Parliament. In parliamentary democracies, including the member states of the EC, we are accustomed to the primacy of Parliament. The underlying premise of democracy is that ultimate power rests with the people, and that this power is entrusted to their representatives in Parliament, and so Parliament gains preeminence over any other governmental body. Thus, our natural reaction upon seeing an institution labelled the European Parliament is to assume that it is the supreme lawmaker in the European Community. This is not the case, however.

To begin with, it is only recently that the European Parliament was an elective body. Before 1979 the Parliament (which was then called the Assembly) was appointed by the member states. In 1974 it was agreed that direct elections to the Parliament should be held, and the first such elections were conducted in 1979.⁹ Even after becoming an elected Parliament, the EP was not accorded a leading role in EC business, and the three elections to date, in 1979, 1984 and 1989, have demonstrated that the Parliament is not, at present, highly regarded among the European electorates.¹⁰

The current lack of public regard may be due in large part to the lack of EP competencies. Consider Stephen George's characterisation of the method of taking decisions in the EC, prior to the SEA:

The decision-making process in the Communities ... consists of proposals being made by the Commission, and being accepted or rejected by the Council. The EP has tried to insert itself into this process, especially since 1979 when it became a directly elected parliament for the first time. But its powers are very limited. The Council is obliged to seek

⁷ Daltrop, *The European Community*, 65.

⁸ Daltrop, *The European Community*, 64. See also Kerr, *Common Market*, 64-6 and Stanley Henig, 'The European Community's Bicephalous Political Authority: Council of Ministers-Commission Relations,' in Juliet Lodge ed., *Institutions and Policies of the European Community*, (New York: St. Martin's Press, 1983), 9-20.

⁹ Daltrop, *The European Community*, 71-72.

¹⁰ Jane Sweeny has analysed the results of the first election in 1979, and has argued that there is no evidence of political identification among Europeans shifting to the EP. Werner Feld and E. Mahant reached similar conclusions in a shorter analysis of the 1984 election. From this base, Sweeny argues that neo-functionalism, the leading theory of European integration, is badly flawed as it predicts such a transference. My response to that is that it is too soon to tell. As yet the EP is largely irrelevant to the daily concerns of the European public because it is largely powerless. The SEA, and particularly 1992, has changed that. See W. Feld and E. Mahant, 'New Efforts for European Union: Hopes, Progress, and Disappointments,' in *Journal of European Integration*, 10 (1) 1986, 39-58, and Jane Sweeny, *The First European Elections: Neo-functionalism and the European Parliament*, (Boulder: Westview, 1984).

It is interesting that in the most recent election, the European electorate used the voting to send strong signals to their domestic governments. In Britain, for example, Margaret Thatcher's anti-Europeanism cost her her first national electoral loss, causing her to back away from some of her most firmly held anti-European positions at the subsequent European Council meeting in Madrid. In addition, the British Greens gained far more votes than anyone had thought possible, and were denied seats in Strasbourg only by Britain's constituency system.

the EP's opinion on a Commission proposal before disposing of it, but it is not obliged to pay any great attention to that opinion. The EP can dismiss the Commission by a two-thirds majority vote on a censure motion, but it has no say on the appointment of replacements, who may be the same men. More importantly, the EP has no powers over the Council.

In the budgetary field parliamentary control is stronger, but the EP is not allowed to interfere with expenditure under the common agricultural policy (CAP), which accounts for 75 per cent of the total...¹¹

Essentially, at present, the EP appears to be an add-on to an otherwise coherent institutional organisation. The Council serves the function that a parliament would in most parliamentary democracies, while the Commission plays the role of cabinet, although with less political authority because the Commissioners are appointed rather than elected. The EP seems to have been grafted onto this structure in order to further the appearance of an integrated polity, as political integration is the stated goal of the EC. Such a near ornamental addition is not necessarily a liability, however, for it provides an institutional focus for the building of a popular democracy at the European level, once the requisite political will has been assembled. This is well exemplified by the SEA, which has increased the competencies of the EP. It does mean, however, that at present, even with the SEA powers and certainly before passage of the Act, the Parliament borders on the irrelevant -- surely a frustrating experience for the only Community officials elected as Europeans.

Effects Of The Single European Act

George's characterisation of the decision-making structure of the EC is somewhat dated, however, and the changes that have intervened since his book was written bear on the role of the Parliament, among many other things. The Single European Act was designed as a major step along the road to the further integration of Europe. In this it may well be seen as the most significant step since the signing of the original Treaty of Rome in 1957. The SEA was spurred by the EP's consideration of the 'Draft Treaty Establishing European Union,' an attempt by the EP to replace the EC of the Treaty of Rome with a truly unified state in Europe.¹² The Draft Treaty was halted by the lack of will on the part of member states to relinquish their sovereignty to Strasbourg, and by the disappointing results of the 1984 European elections.¹³ It did spur the EC members to begin a process to amend the Treaty of Rome, with the central purpose of completing the internal economic market. While market unification was the intent of the original common market, by 1984 it was unfinished and not progressing. The member states therefore drafted and adopted the Single European Act, which had passed the legislatures of all the members by 1987.¹⁴

While the completion of the internal market was the central intention of the SEA, it was not the only matter with which the Act dealt. In order to achieve the economic goals, certain changes were seen to be needed in the institutional structure of the Community.¹⁵ The size of the economic task was daunting. Internal Market Commissioner, Lord Cockfield, produced a document drafting 300 directives that would be required for the market completion (since reduced to 279), and a timetable to have them implemented by the end of 1992.¹⁶ In order to achieve so many different objectives, of so large a scope, in the five years envisaged in the SEA, some of the procedural stumbling blocks, which had prevented the completion of the internal market to that point, needed to be removed.

¹¹ George, *Politics and Policy*, 2-3.

¹² For a discussion of the Draft Treaty process, see Otto Schmuck, 'The European Parliament's Draft Treaty Establishing European Union (1979-84),' in Roy Price, ed., *The Dynamics of European Union*, (London: Croom Helm, 1987), 118-216.

¹³ Feld and Mahant, 'New Efforts,' 41-46.

¹⁴ Pierre-Henri Laurent, 'The European Community: Twelve Becoming One,' *Current History*, 87 (532) 1988, 357.

¹⁵ Feld and Mahant, 'New Efforts,' 39.

¹⁶ The measures and timetable can be found as an Appendix to the White Paper: Commission of the European Communities, 'Completing the Internal Market: White Paper for the Commission to the European Council,' (Brussels: Commission of the European Communities, 1985). On the reduction of the measures to 279 from the original 300, see Commission of the European Communities, 'Fourth Progress Report of the Commission to the Council and the European Parliament,' (Brussels: Commission of the European Communities, June 20 1989).

The change which has been the most important in assisting the progress of the market completion is the extension of the areas covered by the qualified majority voting procedure in the Council, as the requirement for unanimity was probably the largest single impediment to the progress of economic integration in Europe. Because certain areas of economic policy and organisation touch upon the very core of a state's sovereignty, agreement on measures needed to complete the internal market met resistance in the Council. Under the requirement for unanimity, such resistance translated into stalemate. The SEA extended qualified majority voting to most of the measures needed for the internal market completion.¹⁷ This has proved the single greatest spur to the progress of the market completion, as the Commission notes in its most recent progress report on Project 1992:

Decision-making by the institutions has accelerated considerably since the Single European Act entered into force, primarily due to the changes in procedure. The extension of qualified majority voting to most issues connected with the internal market has stepped up the pressure to find a consensus within the Council. This faster pace has enabled the Council to have [approved] ... over 50 per cent of the programme of 279.¹⁸

Almost as important has been a change in the nature of the directives that the Community has produced. Prior to the SEA, any issue that needed to be addressed at the Community level was subjected to a single European standard. This process of Community Harmonisation, aimed at developing community standards, proved very cumbersome, as once again it was required to satisfy the concerns of all the member states.¹⁹ The SEA defined the problem away, as it replaced Community standards, in most cases, with the norm of mutual recognition. Stated simply, mutual recognition says that if an economic activity (the sale of goods, services, or labour) is permitted in one member country, it should be permitted across Europe.²⁰ Thus, with a stroke of the pen, the need for most EuroRules has disappeared. The replacement of Community Harmonisation with Mutual Recognition as the basis for an open market has greatly facilitated the completion of the market, even if it has meant that the completed market will be somewhat less homogenous than it would otherwise have been.

As important as these two innovations are for the specific goal of the market completion, in terms of the institutional arrangement of the EC, there is an even more dramatic change embodied in the SEA. The Act alters the relationship between the Council, the Commission and the EP, integrating the EP more meaningfully into the process of creating Community legislation. The Legislative Cooperation Procedure²¹ provides the EP with a voting role in Community Legislation for the first time. The Council still has ultimate authority, but unlike in the past when, as George put it, the Council was 'not obliged to pay any great attention' to the EP's opinion, the EP now does have some powers to support its positions.

The details of the Procedure are complex, but the essentials can be stated fairly easily. The Commission proposes legislation, which the Council and the EP consider simultaneously. There is no time-limit on the EP's deliberation on this first reading. Once the EP passes a version of the commission's proposal, which it may amend, the proposal is taken to the Council by the Commission. The Council then adopts a common position by a qualified majority vote. This position is then sent back to the Parliament for a second reading. At this point, the EP is limited to three months deliberation, and the measures it can take are also limited. It may adopt the common position, in which case the Council adopts it as an Act. It may also amend the common position, but only to restore what was in its first reading position, and only by an *absolute* majority -- that is a majority of the voting members of the Parliament, not a majority of votes cast.²² It may also reject a proposal at the second reading, but again, only by absolute majority. Once the

¹⁷ There is an important psychological point here. Member states proved willing to approve, in advance, *in toto*, that which they had for years not approved individually.

¹⁸ European Commission, 'Fourth Report,' 2.

¹⁹ For an analysis of the efforts of the European Community at harmonisation, see Leon Hurwitz ed., *The Harmonization of European Public Policy*, (Westport: Greenwood, 1983). This collection examines the harmonisation in a number of issues and policy areas.

²⁰ European Commission, 'White Paper,' 18-23.

²¹ This is not to be confused with the European Political Cooperation, which is a separate institution and which I consider below.

²² As there are 518 members in the EP, this means that it takes 260 votes to pass such measures. A vote of 259-0-0 fails.

EP has disposed of the proposal, the Council considers it one more time. At this point, the Council may override both the amendments and rejection of the EP, but it must do so unanimously.²³

It is the unanimity requirement at the final stage in Council that puts the teeth into the EP's positions. There is now reason for the Council to pay attention to the views of the elected Europeans, because ignoring them is so much more difficult than it used to be. However, it must also be noted that the procedure does not apply to all orders of Community business, that the Council does still preserve some hidden procedural advantages (in addition to the obvious ones) over the EP, and that in order to express an opinion that Council is obliged to consider, the EP must gather a majority of its members, which, in a Parliament elected by-and-large on a proportional basis, is no mean feat.²⁴ Nonetheless, the Legislative Cooperation Procedure does greatly enhance the position of the EP. As John Fitzmaurice notes, the SEA has provided the EP with the explicit right to reject legislation, and despite the clear qualifications on this right, it is a substantial increase over its former position as politely ignored advisor.²⁵

The Other Institutions: EPC And WEU

The institutions of the EC are not the only institutions relevant to the future of a politically integrated Europe. The EC's original competence was economic, and there has always been a reluctance to expand that competence into more traditional political areas, both because such a move threatens national sovereignty, and because, at least in questions of security, it might overlap with EC states' membership in NATO. At the same time, it has been clear that ignoring the non-economic elements of politics can only damage the progress toward the EC's explicit goal of political union.²⁶ These conflicting pressures have produced a number of measures, and two important institutions which are separate from, but connected with, the EC: European Political Cooperation (EPC) and the Western European Union (WEU).

European Political Cooperation

In 1961 French President de Gaulle proposed the coordination of foreign and defence policies among the members of the Communities (at this point still only six). This coordination was to be outside the framework of the Communities, and not have the Communities' measure of supranationalism.²⁷ This proposal, known as the Fouchet Plan, was rejected, but when it was resurrected a few years later in a new guise and by a new French leader, it led to the creation of the EPC:

The trade relations of the EC with the rest of the world are covered by the treaty of Rome and come under the auspices of the Commission, which negotiates from a mandate set down for it by the Council of Ministers. But other areas of foreign policy have come to be dealt with in common by the member states under the European Political Co-operation procedure. This scheme was suggested by President Pompidou at the 1969 Hague summit, but was seen at the time as being no more than a sop to his Gaullist supporters. Few people, either participants or observers, thought that the scheme would come to anything. It resembled closely the Fouchet Plan, which had already been rejected, and it proposed co-operation in an area which lay within the field of 'high politics' ... where national interests would be expected to stand in the way of common action.²⁸

²³ On the new decision-making procedure, see Juliet Lodge, 'The Single European Act and the New Legislative Cooperation Procedure: A Critical Analysis,' *Journal of European Integration*, 11 (1) 1987, 5-28 and John Fitzmaurice, 'An Analysis of the European Community's Cooperation Procedure,' *Journal of Common Market Studies*, 36 (4) 1988, 389-400.

²⁴ On this point see Lodge, 'The Single European Act,' 14-24.

²⁵ Fitzmaurice, 'Cooperation Procedure,' 398.

²⁶ The treaty of Rome explicitly places union as the EC's goal. Daltrop, *The European Community*, 15.

²⁷ George, *Politics and Policy*, 31-32.

²⁸ George, *Politics and Policy*, 167.

From Pompidou's suggestion, the EPC framework was established in 1970. It was a very informal procedure, rather than an institutional framework. The members, who were also the members of the EC, agreed to hold regular meetings to try to coordinate their several foreign policies.²⁹

In 1973, as the EC was enlarged and the new members also joined the EPC, the EPC mechanism was formalised into a regular meeting of the foreign ministers of each country, at which may be considered any facet of the members' foreign policies, with the aim of increasing coordination and compatibility of those policies. The Chairmanship of the EPC rotates with the EC Presidency, and the Commission is invited to send representation when the agenda touches an area of EC competence. The EPC was, however, to be kept clearly separated from the EC.³⁰ There is, in fact, a rather remarkable story of the ministers being forced to fly between two cities so they could sit as the EPC in the morning and the Council of Ministers in the afternoon.³¹

This attempt at separation involves a certain confusion, beyond the near farce of meetings on the move, as the EC itself has external competencies. The Treaty of Rome establishes a common commercial policy for the EC, to be administered by the Community. This necessarily involves foreign policy powers for the EC of which there are four of particular importance. The EC sets trading policy for the Community as a whole, and as a crucial constituent of this power sets the Common External Tariff. In addition, in order to conduct trade policy, the Commission has the power to negotiate commercial treaties with third parties, subject of course to the member states' ratification. Finally, the Commission represents the EC as a whole at international organisations and meetings involving its competencies.³² It is a measure of the importance of these roles that the Commission President has been invited to the annual economic summit of the G-7 leaders.

Such overlap has led to the call for increased connection between the EPC and the EC. This need has been particularly felt because of the emergence in the late 1970s and early 1980s of a number of important issues linking traditional high politics with economic concerns: the American hostages in Iran, Poland's Solidarity crisis, and the United States' demands concerning technology transfers to the Soviet Union.³³ In addition, because of the complexity of coordination, the EPC was increasingly seen to need a permanent secretariat. The creation of a secretariat would alter the status of the EPC, from that of a scheduled meeting to that of a formal institution.

Once again, it was the SEA which accomplished these changes. While it left the EPC formally independent of the EC, it did increase the level of contact and coordination between the two bodies. In addition, for the first time, it established a small, but permanent, secretariat for the EPC in Brussels.³⁴ The effect of these changes is to entrench the search for a common foreign policy among the states of the EPC. In terms of the possibilities for a future more politically unified Europe, it provides the framework within which such a polity could express itself externally. In addition, the EPC holds out the promise that a more closely coordinated foreign policy would already be in place once integration was achieved, which would smooth the path to any eventual move toward union

²⁹ P. Ifestos, 'European Political Cooperation (EPC): Its Evolution from 1970 to 1986 and the Single European Act,' *Journal of European Integration*, 11 (1) 1987, 49-51. For an overview of the development of the EPC, see also Werner J. Feld, 'The Harmonisation of the European Community's External Policy,' in Leon Hurwitz ed. *The Harmonization of European Public Policy*, (Westport: Greenwood Press, 1983), 39-43.

³⁰ Feld, 'Harmonization,' 40-42.

³¹ In order not to be seen to be confusing the roles, the members of the Council moved from their morning meeting in Copenhagen to an afternoon meeting in Brussels. Gianni Bonvicini, 'The Dual Structures of EPC and Community Activities: Problems of Coordination,' in David Allen, Reinhardt Rummel and Wolfgang Wessels eds., *European Political Cooperation*, (London: Butterworth, 1982), 36 and note 8.

³² Feld, 'Harmonization,' 25-37. See also Chapter 17 of Kerr, *Common Market*, 197-207.

³³ David Allen, 'Postscript 1982,' in Allen *et. al.*, eds., *European Political Cooperation*, 171-172.

³⁴ Ifestos, 'EPC,' 57-58.

by reducing the differences that would have to be overcome.³⁵ This argument assumes that the EPC is able to have some impact on coordinating foreign policy. While the judgements on this point are mixed, the general belief seems to be that the EPC has been reasonably effective, considering the limitations of its enterprise.³⁶

There are two policy areas that are generally accepted as successes for the EPC. The first is the Euro-Arab dialogue.³⁷ The Arab-Israeli conflict has been addressed by the EPC since the 1973 October war and, during the 1970s, European states considered their middle east policy essentially within the context of the EPC. This policy consideration was facilitated by the EPC having opened a direct dialogue with the Arabs. By 1980 a common position in the EPC on the Arab-Israeli conflict had emerged from the Euro-Arab dialogue. However, as P. Ifestos has found, in an assessment of EPC success in middle east policy, after 1980 action on Arab-Israeli questions devolved to the individual states. Despite this, the EPC has proven to be a useful forum for the further consideration of middle east policy, though the previously firm consensus has been weakened.³⁸ The middle east case demonstrates the dilemma of the EPC. It is an explicitly intergovernmental organisation, and so can work toward common positions, but, as Ifestos concludes, action on those positions is left to the capricious nature of twelve sovereign states.

This is not to say there are no successes in EPC policy implementation. The second leading example of successful policy coordination has been the common position that the EPC adopted on the Conference on Security and Cooperation in Europe (CSCE), a common position which has been successfully articulated at the conference.³⁹ This success is particularly noteworthy as the EPC has traditionally had problems confronting issues of security because of the NATO membership of some, but not all, of its members. The EPC has also led to a reasonably coherent voting pattern among its members at the UN.⁴⁰ However, once again, this is not completely consistent, as there are some positions for which member states will not vote.

The common element in all the difficulties that the EPC faces is the one that undermines all efforts at international integration: sovereign prerogative. States are always concerned with their international face, and are often unwilling to adopt a common position at the expense of their perceived national interests. The programme to complete the internal market in Europe, for example, repeatedly faces such problems in the person of Margaret Thatcher. The most common manifestation of this problem in the EPC is the large-country/small-country split. The smaller countries have seen the EPC as a way to enhance their international prestige, while the larger countries tire easily of the consensus-building process and therefore tend to prefer smaller summit groupings and individual action. These pressures have been most clearly felt in North-South issues and in the ongoing debate over South Africa.⁴¹

³⁵ For conflicting views on this point see Ifestos and Feld. Ifestos argues, as do I, that greater cooperation and coordination facilitates eventual union, while Feld feels that the intergovernmental nature of the EPC violates the supranational spirit of the EC, and might thus be a hindrance to eventual union. Ifestos, 'EPC,' 62, and Feld, 'Harmonization,' 51-52.

³⁶ It is well to note that there are methodological difficulties in assessing the effectiveness of the EPC. Wolfgang Wessels has noted three in particular as a preface to his own assessment. The first is the secrecy that generally surrounds EPC consultations. The second is the indeterminate relationship between the EPC deliberations and the national positions of states. To what degree are similarities in state positions a result of the EPC, and to what degree do they stem simply from common interests? Finally, the effectiveness of EPC intervention on the international stage is difficult to assess without more information than that to which the analyst is generally privy. See Wolfgang Wessels, 'EPC: a new approach to European foreign policy,' in Allen *et al.* eds., *European Political Cooperation*, 3. Having recognised that these problems are endemic to the study of the EPC, I will still consider the conclusions to which the leading students of the field have come.

³⁷ See, among others, Allen 'Postscript,' 172); Feld, 'Harmonization,' 45; and George *Politics and Policy*, 169.

³⁸ Ifestos eschews the common overview of EPC effectiveness for a short case study of middle east policy. See Ifestos, 'EPC,' 58-61. The EPC's role in the middle east is also examined in David Allen, 'Political Cooperation and the Euro-Arab Dialogue,' in Allen *et al.* eds., *European Political Cooperation*, 69-82.

³⁹ Feld, 'Harmonization,' 45.

⁴⁰ George, *Politics and Policy*, 169.

⁴¹ William Wallace, 'Introduction: Cooperation and Convergence in European Foreign Policy,' in Christopher Hill ed., *National Foreign Policies and European Political Cooperation*, (London: Croom Helm, 1983), 13-14.

The consensus on the EPC among those who study it seems to be that it is a facilitator of harmonisation, rather than serving to generate harmonisation that is not already latent.⁴² This is not, however, as negative an assessment as it might seem. First, without some mechanism to translate potential consensus into common positions, there is unlikely to be any meaningful degree of coordination among the Europeans' foreign policies. Secondly, as Wolfgang Wessels has noted, the cooperation procedure has served to forge links between the foreign policy bureaucracies of the various states which will tend to build common outlooks, and eventually strengthen and extend commonalities that are already present.⁴³

Thus, the strengthening of the EPC by the SEA does seem to hold the promise of a more unified Europe on the international stage, and provides an institutional home for a common foreign policy should Europe take further steps toward union. While its intergovernmental nature is not conducive to immediate translation into a European foreign ministry, the creation of a permanent secretariat by the SEA does provide a bureaucratic seed for such an institution. The SEA also completes the foreign policy coverage of European institutions by allowing the EPC to consider security issues. This extension of the EPC's role is carefully circumscribed by the caveat that it may not intrude upon the purview of NATO or the WEU. However, this means that all issues of foreign policy are now considered within at least one European institution: either the EPC, the EC, the WEU or NATO's Eurogroup.⁴⁴

Western European Union

The EPC represents the possible foundation of a common foreign policy for a more united Europe, but a new Europe would also need to consider its security policy in common terms. While this has long been recognised, it has also proved very difficult to achieve. The original Fouchet Plan, which eventually resulted in the EPC, called for a procedure to coordinate not just non-economic foreign policy, but security policy as well. The Fouchet Plan's inclusion of defence issues was a reaction of General de Gaulle to the failure, in his eyes, of the institution already in place to unify European security: the Western European Union.⁴⁵

The WEU was founded after the first attempt at European defence cooperation, the European Defense Community, foundered.

Within two months following the EDC's failure, the same countries [France, Italy, Germany and the Benelux states] plus Britain, joined the Western European Union. On paper, the WEU had broad scope; for example, Article 5 of the WEU treaty included a more explicit collective security obligation than that contained in the North Atlantic Treaty.... But in truth, the WEU was clearly intended to serve NATO's purpose, as Article 4 made explicitly clear. Therefore the WEU languished in NATO's shadow for more than thirty years....⁴⁶

It was this subordination that raised the hackles of the independent-minded de Gaulle; having removed France from NATO's unified command, de Gaulle was unlikely to be impressed with a European body which took its marching orders from the NATO. However,

⁴² See Christopher Hill, 'National Interests -- The insuperable obstacle?' in Hill, ed., *National Foreign Policies and European Political Cooperation*, 200-201, as well as Wessels, 'New Approach,' 5-6; and Ifestos 'EPC,' 62.

⁴³ Wessels, 'New Approach,' 14 -15.

⁴⁴ The Eurogroup is a part of the NATO structure, comprising all the European members of NATO except France and Iceland. The group describes itself in the following terms:

The Eurogroup was established in 1968 as an informal grouping of European governments within the framework of NATO. It is open to all European members of the Alliance. The basic aim of the Eurogroup is to help strengthen the whole Alliance by seeking to ensure that the European contribution to the common defense is as strong and cohesive as possible. Eurogroup, *Western Defense: The European Role in NATO*, 17.

⁴⁵ See David Garnham, *The Politics of European Defense Cooperation: Germany, France and America*, (Cambridge, Mass: Ballinger, 1988), 116-22.

⁴⁶ David Garnham, *European Defense Cooperation*, 116.

de Gaulle's attempts at constructing an independent European security body failed, and once the UK joined the EC in 1973, the WEU was essentially moribund.⁴⁷

The early 1980s brought increased intra-alliance conflict to NATO. The new President of the United States, Ronald Reagan, had views on European security that were increasingly divergent from those of his European allies. As the Europeans increasingly came to see themselves unified in opposition to the United States, they began to look for ways to express their independence in issues of European security. The WEU was the obvious institutional choice.⁴⁸ Thus, in June of 1984, the WEU Ministerial Council established a working group 'to examine the prospects for reactivating Western European Union' [sic] as the basis 'for a more assertive European presence in the field of defense and security.'⁴⁹ While the working group did lead to the WEU's reactivation, with the agreement to semi-annual meetings of the WEU foreign ministers, the inter-alliance troubles that had spurred reactivation had abated somewhat. Thus interest in the WEU waned, until Reagan met with Soviet General Secretary Mikhail Gorbachev in Reykjavik in 1987.⁵⁰ This meeting rekindled European fears in American unilateralism, and led to a call from *both* France and Great Britain for an increased European voice in its security affairs.⁵¹

Since the Reykjavik summit, the rejuvenated WEU has taken two important substantive steps, and one key procedural step. In 1987 it was able to coordinate a joint European effort to protect shipping in the Persian Gulf from the effects of the Iran-Iraq war. It also passed, in direct response to the superpowers' ignoring of Europe's voice in its own security at Reykjavik, a 'Platform on European Security Interests.' For our purposes the most important of the major planks of this platform is the first: 'European integration will remain incomplete until a security dimension is added.'⁵² By directly linking the task of the WEU to furthering European integration, the WEU members have linked the organisation, at least conceptually, to the Communities of the Treaty of Rome, whose explicit goal is a European Union.

In keeping with this emphasis on integration, the WEU has also taken an important procedural step since 1987 and expanded its membership. In early 1989 the WEU admitted Spain and Portugal as its first new members since its inception in 1954.⁵³ In addition, the WEU foreign and defence ministers, meeting at the beginning of April 1989, agreed to establish a high level consultative mechanism between the WEU and Greece and Turkey. The two states have applied for full membership, but the Ministerial Council did not consider the issue, nor did the Parliamentary Assembly of the WEU at its session in June of 1989.⁵⁴ In addition, both Norway

47 Garnham, *European Defense Cooperation*, 117.

48 On the link between the intra-alliance disputes and the reactivation of the WEU, see Fen Osler Hampson, 'Is there an alternative to NATO?', in Stephen J. Flanagan and Fen Osler Hampson eds., *Securing Europe's Future*, (London: Croom Helm, 1986), 191-94.

49 Hampson, 'An alternative to NATO,' 206.

50 For an assessment of the shocked reaction to Reykjavik, though from an American perspective, see James Schlesinger, 'Reykjavik and Revelations: A Turn of the Tide,' *Foreign Affairs*, 65 (3) 1987, 426-46.

51 Garnham, *European Defense Cooperation*, 118. While it is not particularly noteworthy that France was complaining about US unilateralism, it is somewhat more surprising that Reagan's most staunch ally, Margaret Thatcher, would join in. This suggests that the concerns of the Europeans were truly deeply felt.

52 Garnham, *European Defense Cooperation*, 119.

53 'Spain ratifies WEU entry despite nuclear policy,' *Jane's NATO & Europe Today*, 4 (32) May 3, 1989, 7. As Jane's notes, Spain agreed to ratify the WEU founding treaty, the Treaty of Brussels, without reservation, despite the nuclear commitment of the WEU and the non-nuclear stance of the Spanish government.

54 'WEU to consult with Greece, Turkey,' *Jane's NATO & Europe Today*, 4 (29) April 11, 1989, 7. There is no mention of the applications of Greece and Turkey in the proceedings of the June session of the Assembly. See Assembly of the Western European Union, 'Proceedings: Twenty-Fifth Ordinary Session,' (Paris: Assembly of the Western European Union, 1989).

and Denmark have expressed an interest in the possibility of joining, though no formal action has yet been taken.⁵⁵ These additions and potential additions raise a number of interesting possibilities for overlapping memberships between the WEU, the EC and NATO, possibilities which are considered below.

The WEU seems well on the way to providing an institutional framework for the defence and security concerns of a more unified Europe. It now explicitly recognises the link between security coordination and the progress of European integration. The WEU is not, however, linked formally to the EC, nor is its membership identical, as in the case of the EPC. Nevertheless, the WEU has shown progress both in the practical coordination of European defence operations, and in the establishment of principles for European security. In addition, as Fen Osler Hampson has pointed out, the WEU provides an ideal framework for the consideration of European positions on nuclear strategy, arms control and out of area disputes.⁵⁶ All of these would be important elements in any putative European defence policy.

The argument to this point rests on the assumption that Europe is moving in the direction of increased political integration. This assumption does seem fairly well supported by the political and institutional developments of the SEA, as they display clear indications of increased integration. However, these are not sufficient, and thus it is necessary to examine that assumption in somewhat more detail before drawing any conclusions concerning the future institutional arrangement of Europe.

Political Integration And The Internal Market Completion

It has become axiomatic in the study of politics that the economic cannot be separated from the political, despite our academic disciplines having tried to do so. If this is so, then the drive to complete the internal market in Europe will necessarily have political effects. However, in order to gain some sense of those effects, it is necessary to expose the assumptions on which the connections are to be built. There are any number of ways in which the political effects of the market completion can be considered, and therefore it is necessary to be explicit about the theoretical perspective here adopted.

There are a number of identifiable theoretical streams that have emerged from the literature on international, particularly European, integration. Of these, the one most suitable for the discussion of the integrative effects of the internal market completions is neo-functionalism.⁵⁷ Neo-functionalism is useful for two, interrelated reasons. First, the neo-functionalist hypotheses were developed specifically to examine the process of political integration leading from economic integration. The other leading theory of European integration, federalism, focuses on the process of political bargaining as the motive force of integration. The claim is not that neo-functionalism is the superior approach in general, but rather that as the concern of this section is the effect of the market completion on the political integration of Europe, it is more appropriate in the present case.

⁵⁵ Garnham, *European Defense Cooperation*, 120-21. Garnham's discussion is interesting, as it appeared barely a year before the expansion of the WEU. He argues that such expansion is unlikely, as not all members see it as a good idea. He also suggests that Spain poses particular problems, as it seems not to be 'serious' about defence. As Jane's noted, Spain's position caused some concern in the ratification vote, but the ripple was minor as the ratification was approved 245-11-1.

⁵⁶ Hampson, 'An Alternative to NATO,' 212-14.

⁵⁷ The major streams in the integration literature are Functionalism, Neo-functionalism, Federalism and Pluralism. For an overview of these streams see de Bussy M., H. Delorme and F. de la Sorre, 'Theoretical Approaches to Regional Integration,' in F. Roy Willis ed., *European Integration*, (New York: New Viewpoints, 1975) The leading formulation of the neo-functionalist approach is Ernst Haas, see his *The Uniting of Europe*, (Stanford: Stanford University Press, 1958). See also Charles Pentland, *International Theory and European Integration*, (London, Faber and Faber, 1973), and R.J. Harrison, *Europe in Question*, (London: Allen and Unwin, 1974). For a somewhat critical appraisal of the applicability of neo-functionalism to Europe, see the first chapter of Sweeney, *The First European Elections*.

The second argument in favour of the neo-functional approach is the organic relationship between neo-functionalism and the European Community. The EC has accepted the argument of the neo-functionalists, to the point that it consciously seeks to utilise the mechanism of integration identified by the neo-functionalists as its integrative force.⁵⁸ Thus, by using the insights of neo-functionalism, it is possible to assess the prospects for further political integration in Europe on the Europeans' own terms.

There are two key insights that may be derived from the neo-functional integration literature: spillover and institutionalisation. The heart of the neo-functional theory is spillover, as this is the mechanism which it suggests as the dynamic force of political integration. A leading student of integration theory, Reginald Harrison, says of the spillover mechanism:

This is the "expansive logic of integration" otherwise called the "spillover" effect, whereby "policies made pursuant to an initial task and grant of power can be made real only if the task itself is expanded, as reflected in the compromises among the states interested in the task". The acceptance of each stage in this integration process "is best explained by the convergence of demands within and among the nations concerned, not by a pattern of identical demands and hopes."⁵⁹

In essence, the argument of spillover is that technical or economic measures generate demands, and that as these policies are centralised, the demands will increasingly need to be addressed by central authorities. While spillover is first supposed to occur between different economic or technical issue areas, the pressures will eventually encroach into areas generally considered political.⁶⁰ As Harrison points out:

Ultimately, the expectation is that as the tasks and powers of the central institutions are increased through the operation of the spillover process, integration will gradually encroach on that politically sensitive area where vital interests are at stake. So, an embryonic political community will emerge and grow.⁶¹

Thus, the spillover mechanism suggests that as the project to complete the internal market touches upon areas of political salience, pressure will rise for the increased centralisation of political power within Europe. In addition, once the programme has run its course, the operation of the completed market may well raise questions of a political nature that can only be resolved centrally, thereby generating further political spillover pressures.

However, the spillover mechanism only suggests that economic integration may well lead to increased political integration. It says nothing about what form the emergent political community may take. The neo-functionalists are not silent on the point, although their answers are less determinate than are those of the federalists, who see federal union as the only possible resultant of the integration process.⁶² The response to this question of final form is the second key element of the neo-functional approach, which argues that political integration will find its form in political institutions at the centre of the integrating polity. Thus, while it does suggest an institutional conclusion to political integration, neo-functionalism does not dictate what form these institutions must take.⁶³ This indeterminacy leaves the analyst free to investigate the actual emergent forms of European institutions in order to predict what the final forms may be.

It is now possible to examine a selection of the key features of Project 1992 in light of these twin insights derived from the neo-functional integration literature. It is both impossible and unnecessary to present a complete overview of the measures being undertaken by the EC. Instead, a few key examples of Project elements which hold particular spillover potential have been selected.

⁵⁸ Sweeny, *The First European Elections*, 9-38.

⁵⁹ Harrison, *Europe in Question*, 76-77.

⁶⁰ Having begun this section of the discussion with the assertion that politics and economics are not separable, I must now discuss the two as distinct fields, in order to make the argument clear. However, for spillover to occur from the economic to the political, they must of needs be inextricably linked.

⁶¹ Harrison, *Europe in Question*, 77.

⁶² Charles Pentland, *International Theory and European Integration*, (London, Faber and Faber, 1973), 147-48.

⁶³ Sweeny, *The First European Elections*, 25 and Pentland, *International Theory*, 100.

One of the plans with the highest profile is the attempt to remove physical barriers from within the European market by the end of 1992. The EC argues that not only are the procedures at the borders a hindrance to a unified market, but that they present a psychological obstacle to the perception of Europe as a single market:

It is the physical barriers at the customs posts, the immigration controls, the passports, the occasional search of personal baggage, which to the ordinary citizen are the obvious manifestation of the continued division of the Community -- not the "broader and deeper Community" envisaged by the original Treaties, but a Community still divided. These barriers are equally important to trade and industry, commerce and business. They impose an unnecessary burden on industry flowing from the delays, formalities, transport and handling charges, thus adding to costs and damaging competitiveness.⁶⁴

While the removal of border stations may seem a fairly simple, technical task, it is rife with political implications. If there are no impediments to traffic within Europe, then any regulations usually enforced at the borders must be transferred to the common frontier of the Community as a whole. In the case of customs duties, this is a null problem, as the Community already exercises authority in commercial policy, and the common market means that there are no internal duties. However, there are other policies that are policed at borders: immigration controls, weapons regulations and drug laws, being the most obvious examples.⁶⁵ If the border controls are removed, these policies, and others of their ilk, will need to be enforced at the Community's borders. The problem is that the policies are not common across Europe. Thus, in order to make the border-free Europe work, policies of this kind will have to be centrally determined. This means, for example, that Germany and the rest of Europe will have to determine a satisfactory mutual immigration policy; that Britain and continental Europe will have to agree on anti-terrorist controls; and that the Netherlands will need a drug policy that is identical to that of the other Europeans.⁶⁶ None of these issues is rightly called economic, and yet the removal of borders for the creation of a single economic market is liable to lead to these political problems which will require central resolution. This is the essence of the spillover mechanism.

The implications of the proposal to remove physical barriers have been recognised by the member states of the EC, and have caused them to retreat a little on their commitment to this element of the Project.⁶⁷ However, there are similar implications to most of the other elements, and these elements are proceeding.⁶⁸ One of the most important, both for the completion of the market and because of its political implications, is the removal of differential rates of indirect taxation. The VAT is a mainstay of European governments' fiscal policies, but no two states have the same set of VAT rates.⁶⁹ This clearly introduces inequalities into the market, and so the removal of these differentials has been identified as an essential element of the market completion. While the original proposal for VAT harmonisation met with strong resistance, the Commission has recently amended its proposal to meet most of the states'

⁶⁴ European Commission, 'White Paper,' 9 (paragraph 24). The White Paper served as the blueprint for the programme to complete the internal market. It provides not only the list of necessary directives, but also the rationale for the measures.

⁶⁵ See, for example, 'Plenty to Declare,' *The Economist*, December 24 1988, 57.

⁶⁶ I mention these examples as they have already been raised as problems within Europe.

⁶⁷ European Commission, 'Fourth Report,' 11-14 discusses the problems that are being encountered in dismantling the border controls.

⁶⁸ This raises two questions which should be addressed. First, why include the border question if it not progressing well? Essentially, I began with physical barriers because it highlights the spillover mechanism so well. The second question is why the political implications of the border removal is causing such concern when union is an explicit aim of the EC? The answer to this is more complex, but it is essentially that there are a number of specifically thorny issues raised by the border question that are far from being resolved. The two most important of these are Britain's concern over the free movement of terrorists and most countries' concerns over the movement of migrant workers entering through West Germany, whose constitution makes entry almost automatic for refugee claimants.

⁶⁹ For example, West Germany has a reduced rate of 7%, whereas Denmark does not have a reduced rate -- everything is charged at the standard rate of 22% -- and Ireland does have a reduced rate, but it varies from 2.4% to 10%.

concerns. It now appears likely that VAT rates will be harmonised, with the EC setting two floor rates (a low rate for essentials and a standard rate, eliminating the high rate for luxuries that some states charge), but with the market determining the ceilings.⁷⁰

The political implications of this possibility are quite remarkable. The states of the EC are ceding a substantial portion of their ability to tax to the central decision-making bodies of the EC. At present, only indirect taxes are being addressed, but as direct taxes also have an impact on economic markets, the free market in Europe will, in addition, introduce pressures for the harmonisation of direct taxes. Such harmonisation will, in turn, increase the scope of the central decision-makers, as it will only be at the centre that changes to the increasingly harmonised tax regimes could be effected. The power to tax is one of the central powers of states, and so the operation of the spillover mechanism in this area will foster the growth of the European state in opposition to that of its member states.

Fiscal policy is only one half of the economic power of the state. The other is monetary policy, and it too is subject to harmonisation pressures from the programme to complete the internal market. The inefficiencies of having several currencies operating within the European market have long been recognised. Several measures have been taken to mitigate this problem, notably the European Monetary System (EMS) and the European Currency Unit (ECU), but none has eliminated the problem.⁷¹ While the EC states are committed to the eventual creation of a single European currency, the political costs of relinquishing national currencies have so far proven to be too high.

The programme to complete the internal market has introduced a new pressure for currency union, and it seems to be meeting with more success than heretofore. All the EC members, with the exception of Great Britain, accept the need to create a central European bank and issue a common European currency. At the most recent Council of Ministers meeting in Madrid in June of 1989, Britain began to back away from its strident opposition, enabling the process of studying the EuroBank's creation to begin,⁷² which greatly increases the likelihood that Europe will have its own central bank and its own currency by the middle of the 1990s.

The possibilities for centralised monetary and fiscal policies represent the most dramatic potential power transfer associated with Project 1992. It seems quite likely that extensive portions of the state's key economic powers, the power to tax and the power to create money, will be transferred to the Community. This will, in turn, create further spillover potential, as a substantial part of the pressure that interested forces exert on governments concerns changes to monetary and fiscal policy. Once these are within the purview of the Community institutions, political pressure is likely to turn on the Community instead of on the national governments. If such a transference of political identification begins, the building of a centralised political community will be well under way.⁷³

Only three examples of spillover potential in the programme to complete the internal market have been raised, and while these three are the most important, they are by no means the only examples. The elements of 1992 seem then to point in the direction of increased political spillover, and therefore of greater central political integration. Thus, it is reasonable to conclude that 1992 holds

⁷⁰ *The Economist* has investigated the tax differentials in the United States and has discovered that a difference of no more than 5% is sustainable between adjacent states. 'Europe's Internal Market,' *The Economist*, 42.

⁷¹ A brief introduction to the EMS may be found in 'The European Monetary System,' *European File* 15/86, October 1986. Harmen Lehment, 'The European Monetary System,' in Leon Hurwitz ed., *The Harmonization of European Public Policy*, (Westport: Greenwood, 1983), 183-96, identifies some of the problems with the monetary measures the EC has taken.

⁷² Margaret Thatcher has been the biggest opponent of monetary union, firmly opposing any moves in the direction of a European Central Bank, or a single currency. While she has not yet removed her opposition, she did agree to a proposal to study monetary integration. See, 'The Meaning of Madrid,' *The Economist*, July 1 1989, 37-38.

⁷³ This touches on an area emphasised by the neo-functionalists. They argue that one of the keys to political spillover, as opposed to purely technical spillover, is that the political identification of the population shifts from their state governments to the new centralised polity.

the potential for a more politically integrated Europe. This conclusion does not answer the question of the form which that new polity will take, that is, the question of who will exercise political authority in the newly integrated Europe.

The neo-functionalists suggest little other than that the integrated polity will find institutional expression, with the form of that institution is determined by the actual historical experience.⁷⁴ As the discussion above of the current institutional arrangement of Europe suggests, this experience has already bequeathed a fairly well developed set of decision-making institutions at the heart of the EC. The SEA, by reducing the powers of the individual member-states in the Council and increasing the role of the EP, has enhanced the ability of the EC institutions to serve as the focus of political integration in Europe. The spillover potential of the internal market completion is thus reinforced by the coincident developments in the European institutions.

There is an anomaly, however, in the decision-making process of the EC. This anomaly is that the institutional structure is headed by the representatives of member governments, not by the elected representatives of the people. The assumption has always been that a politically integrated Europe would essentially be a federation, and thus the European Parliament would exercise primary political authority.⁷⁵ There is nothing, however, to necessitate such an arrangement in a single Europe. Instead, the Council could continue to play the leading role in European decision-making, and the EP could assume the overseer's role usually played by a Senate or similar body in a bicameral parliament. Such an arrangement would require some changes to the Council, as it would have to sit much more regularly than at present. One suggestion has been that each member state designate a Minister for Europe, who would sit in his home Cabinet and also serve as the permanent representative to the Council.⁷⁶

This arrangement, which I have labelled elsewhere 'the European Congress,'⁷⁷ would make the transfer of political authority to the Community more likely, as the member states of the EC are more likely to assent to the transfer of their sovereign authority to a Congress in which they still have the leading role, than they are to a governmental institution in which the EP is dominant. It is possible that the Parliament could later trade roles with the Council, if the European voters could be convinced that power should rest with their direct representatives. However, this is not an essential change, as the Congress, as it has been described, seems quite capable of exercising whatever political powers it is offered.

Should the integration of Europe result in some variant of the European Congress, it will clearly be in need of organs for the consideration of both foreign and security policy. The discussion thus returns to its principal focus, as it is now possible to consider the role that the EPC and the WEU could play in such a European constitutional organisation.

Conclusions: EPC, WEU And The European Congress

There are a number of forces leading toward an increasingly integrated political Europe. The question with which we are left is how these forces might flow together. The creation of a superstate in Europe, even in the form of a European Congress, will almost certainly lead to it absorbing the EPC, as this is certainly the most likely institutional home of a European foreign policy. The relationship between the Congress and the WEU, however, is more problematic, as there remain the membership problems, which were alluded to above. Before addressing these, then, it is useful to consider the likely future role of the EPC.

At present, following the Single European Act, the EPC is distinct from the EC, but only barely. The memberships of the two bodies coincide, the mandate of the EPC explicitly excludes the competencies of the EC, the Commission is represented in certain

⁷⁴ See above, note 57.

⁷⁵ See Sweeny, *The First European Elections*.

⁷⁶ 'Don't Forget the Politics,' *The Economist*, July 16 1988, 13-14.

⁷⁷ The full argument for the creation of the European Congress is found in David Mutimer, '1992 and the Political Integration of Europe: Neo-Functionalism Reconsidered,' *Journal of European Integration*, 13 (1) 1990.

deliberations of the EPC and, finally, the new EPC secretariat is located in Brussels, the home of the EC secretariat. Thus the EPC is poised to become the foreign ministry of the European Community, should the integration of Europe proceed to the point at which such an institution is needed. The EPC would also be ideally suited to the European Congress, should that be the form that Europe's political institutions take. The Congress would be led by an intergovernmental body whose members also compose the EPC, and thus all that would be needed to transform the EPC from a consultative, coordinating body would be for the member states of the EC to empower the Council to make foreign policy decisions. At this point the EPC would probably be fully absorbed by the Council, and the secretariat would be formally attached to the EC secretariat as a foreign ministry.

Such a development would have little impact on Canada or on the NATO alliance -- beyond the general, though substantial, international impact of the creation of a single state in Western Europe -- as long as the EPC's mandate was adopted by the Council unaltered. At present, the allies, Canada included, have two broad areas of relations with the Europeans: security and commercial relations. Commercial relations are already governed centrally by the EC under the Treaty of Rome, and security questions are generally outside the purview of the EPC, having been left to the WEU and the NATO. Thus, the integration of the EPC into an EC state would alter little. However, should the WEU come under the auspices of a newly-integrated Europe, the security environment for Canada and the other non-EC allies would be profoundly altered.

It is difficult to see how a more integrated constitutional arrangement than now exists could emerge in Europe without the new government playing a role in Europe's security policy. While it is arguable that force is less important to political sovereignty than ever before, it is still impossible to ignore the connections between the two.⁷⁸ Europe will not be able to progress much further along the integrative path without gaining some central control over its security and defence. This is, of course, recognised in the 'Platform on European Security Interests,' and so it is almost certain that a Congress of Europe would include a defence and security arm in some form. Once again, the WEU is the institution best situated to assume that role.

Unlike the case of the EPC, however, the fit between the WEU and the Congress (or any other mutation of the EC into some form of sovereign state) is not perfect. To begin with, the membership of the two bodies does not coincide, and there are *considerable* problems associated with making them do so. In fact, it would not be unreasonable to suggest that the membership problems will preclude the integration of the WEU into the EC. That being said, however, it is still useful to consider the possibility, not because it is necessarily the most likely outcome of greater European integration, but rather that in doing so the problems that any moves toward greater political-military integration raise will be illuminated.

The first, and perhaps the most intractable, problem is that the Republic of Ireland is neutral, while the WEU is committed to the collective defence of all its members. Thus, by bringing all the members of the EC into the WEU, Ireland would have to commit to going to war in case of an attack on another member - a clear violation of her neutrality. Without a tremendous change of political heart in Ireland, this problem looms large, although there are some ways around it that can be envisaged. As the Spanish showed in joining the WEU, such a problem can sometimes simply be ignored. It would not be as easy for Ireland to ignore her traditional neutrality as it was for Spain, already a member of a nuclear alliance, to overlook her anti-nuclear policies, but some accommodation might be achieved. It might be, in fact, that as Ireland is the only member of the EC that is not a member of the NATO, that Ireland would be compelled to relinquish her neutrality as a condition of retaining membership in the new European Community. Alternately, Ireland could remain both neutral and a member of the EC, and simply take no part in defence policy, either in favour or opposed. This would be more difficult to manage than the first option, but it would not be impossible. The striking difficulties inherent in each of these possible circumventions of the problem of Irish neutrality suggest just how intractable it may well prove to be. If nothing else, the Irish problem will prove to be illuminating in discovering the possibilities and limits of transnational politics.

⁷⁸ The leading discussions of this development in international politics generally are Robert Keohane and Joseph Nye, *Power and Interdependence*, (Boston: Little Brown, 1977) and Robert Keohane, *After Hegemony*, (Princeton: Princeton University Press, 1984).

The problems become even more interesting when we move beyond those raised by the members of the EC and consider the effects on the NATO. The recent addition of Spain and Portugal to the WEU and the establishment of high-level contacts with Greece and Turkey mean that only Denmark is a NATO member and a member of the EC but not included, in some way, in the WEU. This increased overlap of membership ameliorates, though it does not eliminate, the problems for the NATO of a greatly increased WEU security role. Once again, in considering how these obstacles might be countered, the extent of the problem is more fully revealed. The logical way to proceed would be to allow Greece to join the WEU, but not to admit Turkey (unless it also gains the admission it is seeking to the EC), and to have Denmark, which as noted above has expressed some interest in the WEU, join as well. This would mean that the WEU would include all NATO members of the EC, and would therefore be the perfect institutional framework for an EC defence policy.⁷⁹ Including Turkey would confuse matters, as it would introduce a non-EC member into the EC decision-making process.

As far as NATO is concerned, such an arrangement would leave it with the members of the WEU plus Turkey, Iceland, Norway and the North American countries. It is unclear how it would choose to address this new structure, however, a few possibilities are worth mentioning.

The first possibility arises if Turkey gains membership in the EC, and would therefore also join the WEU. This would allow for a three pronged NATO: The WEU/EC would form a single pillar of the alliance, with primary responsibility for European defence; the United States would stand alone, still as the ultimate guarantor of NATO security; and Canada would join with Iceland and Norway in an ArcticGroup, presumably with primary responsibility for overseeing the defence of the North.

If such a structure is not possible, either because Turkey is not admitted to the EC or because it proves politically unfeasible, NATO could divide into two. The WEU/EC would still act as a whole and have primary responsibility for the security of Europe. The other countries would sit as individuals in NATO, and some burden-sharing arrangement would be reached. The nature of such an agreement would depend to a great degree on the general strategic environment, for it would rest on what commitments the Europeans wanted in Europe from Canada and the United States. It would seem likely, however, that Canada would once more join with Norway and Iceland in concentrating on Arctic defence. In both this and the previous case, the NATO leadership would be split between the US and the WEU/EC.

It is also possible that both Iceland and Norway would join the EC, and thus the WEU. Both are members of the European Free Trade Association (EFTA), and it has been suggested that the most honest way for the EFTA to proceed in dealing with 1992 is for it to join the EC. If we also assume that Turkey will have joined, this process would leave only the North American NATO countries outside the WEU. Such a structure would clearly involve the greatest change for NATO. In this case the most likely option would be for Canada and the US to reconstitute NORAD as a more complete security alliance, and allow NATO to become an umbrella group for the coordination of Western security between the two continental defence alliances. This sort of structure might also work if Iceland did not join the EC/WEU, but Norway did, as it could be included in the North American group with little difficulty.

All of these possibilities, and any others that involve the WEU becoming the defence and security arm of the EC without destroying the NATO, would almost certainly involve the NATO in greater out-of-area concerns. The members of the EC have security interests outside the North Atlantic area, which heretofore each has addressed unilaterally. However, as a political whole, they would need to address these other security interests jointly. If the WEU is both the security arm of the EC and the European pillar of the NATO, then it is likely, though by no means certain, that the NATO will become increasingly involved out of the North Atlantic area.

This discussion has been couched in terms of the eventual, and not too distant, political integration of the EC into, essentially, a superstate in Europe. This is, however, only the most distinct end of the trends identified. The EC is consolidating, as the SEA has

⁷⁹ Neglecting, of course, the problem of Ireland, which I outlined.

both integrated its decision-making structure more completely and inaugurated the programme to complete the integration of its economic market. The EPC is being given a higher profile, and is being drawn ever-closer to the institutions of the EC. Finally, the WEU is beginning both to define a more important role for itself, and to expand its membership. Even if the integration process stops short of the Congress, which has been suggested as the likely outcome, Europe seems inexorably headed toward a more cohesive and independent future. It thus seems clear that this will be expressed institutionally by ever-greater roles for the EC, the EPC and the WEU. With all the changes in today's world, the growing importance of three institutions is easy to miss. However, when those institutions are the external expressions of a potential emergent superpower, with the largest economy in the world coupled to the third largest nuclear force, it is as well to pay attention.