

# euroforum

## europa day by day

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### 20 YEARS OF EUROPE - WHERE DO WE GO FROM HERE ?

After a war that shattered the fabric of the continent's economies, Europe has been at peace for more than thirty years. Europe has rebuilt its industry and created an economic expansion of unprecedented success.

The construction of a united Europe was seen as the adventure of the century. But then the economic crisis brought home the fact that peace and prosperity are but fragile things.

Economic growth has not however eliminated social disparities. While Europe has assumed responsibility for the poorer countries of the world, areas of extreme poverty still persist within its own frontiers.

And in addition to the economic crisis confronting Europe today, a more deep-rooted moral crisis has emerged, particularly among the young, critical of the system of production and consumption that produces so much waste and pollution.

The European Community will celebrate the 20th anniversary of the signature of the Treaties of Rome on March 25th, 1977. Where do the nine countries go from here to achieve the basic aims that brought them together in the first place.

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A REVOLUTION IN RELATIONS

The decision in 1951 of Germany, Belgium, France, Italy, Luxembourg and the Netherlands to set up the European Coal and Steel Community (ECSC) was a conscious attempt to establish a new type of international relationship. To give responsibility for managing coal and steel production to a body independent of governments was, in its day, a revolution. The fundamental objective of pooling coal and steel production was to prevent any attempt by European countries to re-arm. The peace that has since prevailed is a tribute to the wisdom of the "Fathers of Europe".

The success of this first revolution was limited to coal and steel but it persuaded the six countries in 1957 to expand their union into a European Economic Community. In 1973 the founding countries were joined by the United Kingdom, Denmark and Ireland to create the European Community of the Nine.

The basic aims of this Community was and still is to create a closer union between the peoples of the nine countries, to maintain peace and create prosperity and to try to make European society more just and humane. It aims to make the voice of Europe heard in a world where individual countries have become too small and weak to defend their interests.

The Nine have established institutions (see box) obliging governments to find common solutions to accomplish these aims. The progressive development of a common market requires the harmonisation of the policies of the nine countries.

From its inception, this project of constructing a united Europe was seen as the adventure of the century. The construction has quite evidently been slow, but the links between the countries and citizens of the nine countries have become closer. Day by day more politicians, civil servants, industrialists, trade unionists, farmers and consumers are meeting their European counterparts, getting to know each other and finding common solutions to the problems confronting them.

"We are not only uniting the countries", stated Jean Monnet, one of the founders of the European Community. "We are uniting the peoples".

THE WORKING OF THE EUROPEAN COMMUNITY

The European Commission could be described as the engine room of the Community. It draws up proposals for the Council of Ministers and "polices" Council decisions as well as acting as guardian of the provisions of the European Treaties. Based in Brussels, the Commission is composed of 13 Commissioners who are appointed by mutual agreement of the Community's Member States, while remaining independent of their national governments.

The Council of Ministers is the Community's decision making body. It is composed of representatives from each of the nine governments of the Community. The Council meets in either Brussels or Luxembourg. The Nine's heads of government meet two or three times a year within the framework of the European Council to deal with the most important points of Community activity.

The European Parliament is the Community's watchdog, keeping a vigilant eye on the Commission and the Council of Ministers. The 192 members are delegated by their national parliaments and also have certain budgetary powers. From 1978 the European Parliament will have 410 members who will be directly elected by Europe's citizens. The Parliaments meets at Strasbourg or at Luxembourg.

The Court of Justice ensures respect for Community law and ascertains the legal basis for Community decisions. It has nine judges appointed with common agreement of the Member States. The Court sits at Luxembourg.

In addition to the above, the Community's Economic and Social Committee brings together representatives from both sides of industry to present their different points of view on Community policies. The European Investment Bank contributes to development of the European Community and associated countries by providing financial assistance.

### THE COMMON MARKET

Creating a united Europe involves removing the frontiers which divide the nine Community countries so that people as well as goods can move as easily between Bonn and Paris, and London and Rome, as between Naples and Milan or Glasgow and Cardiff. It also implies that, an Italian worker should be able to move to any other Community country and work without discrimination and that a Dutch or British consumer should be freely able to buy Danish or Italian goods if they want them. Producers should be prepared to accept unrestricted competition in their own countries from other Community producers.

This "customs union" implying free movement of people and goods across the frontiers of the Nine is the basis of the "Common Market" that the six founding Community Members finally established in 1968 and which from 1977 covers all the Nine. No more customs duties within the Community, and no more import restrictions. From now on the Community is a single market at the disposal of almost 260 million European consumers.

The continued existence of customs officials on Community frontiers is not, however, due to forgetfulness on the part of the authorities, but to the differences in VAT rates between Community countries. Since these rates have not yet been harmonised, the rates charged on goods crossing national frontiers still have to be adjusted. When this gradual harmonisation is accomplished, their role will be reduced to simply one of policing and collecting statistics.

The elimination of barriers between Community countries has already multiplied trade between Member States six-fold in 20 years. The opportunity of selling on an enlarged market has given the economy of the Nine an extraordinary boost : in 20 years the income per inhabitant in the Community has doubled at constant price.

### COMMON POLICIES

The creation of Community requires more than setting up a simple common market. It also requires the nine countries to adopt common policies in a number of fields. And this is not an easy task. Since the beginning, the European Community has had a Common Agricultural Policy. This policy has been highly controversial for some time and will, without doubt, be modified. But it should be stressed that through this policy the people of Europe have had the benefit for some 20 years of an uninterrupted supply of agricultural produce at prices that have given farmers a decent level of existence and thereby enabled the structure of agriculture to be greatly modernised.

With a domestic common market of 260 million consumers, European industry has been able to rationalise production. To aid in this process, the Community has been carrying out a long term programme of harmonising the technical specifications of goods, since significant differences from one country to another effectively restrict the movement of goods across frontiers. To ensure that the Community's industrial expansion does not adversely affect the consumer, the European Commission acts as watch-dog over the rules of free competition, sometimes banning agreements between industries and sometimes imposing heavy fines. The Commission operates a vigorous anti-trust policy to protect the consumer.

However, the Community has come up against serious difficulties in trying to establish a true common industrial policy, particularly in the private sector. Despite its efforts, Europe also lacks a common policy for the data processing, aeronautical and telecommunications industries.

Similar difficulties have had to be overcome in the field of scientific and technological research. Common research laboratories have been set up in the Community since 1960, currently employing some 2000 researchers and technicians. But most of Europe's scientific research is carried out within national frameworks. The Community's research budget only amounts to about 1.4 % of the total national research budgets. But to eliminate duplication, the Community tries to coordinate the work undertaken in the national laboratories.

#### THE EUROPEAN COMMUNITY AND THE WORLD

With its own domestic common market the Community has been able to develop a common trade policy towards non-Member countries. In international trade negotiations it speaks with one voice. The Community has become the number one trading group in the world. This in itself has enabled the Community to talk on equal terms with major trading countries such as the USA, Japan and Canada about liberalising international trade. This also helps to explain the number of European countries applying to join the Community such as Portugal, Spain and Greece. This "enlargement" of the Community quite obviously presents a large number of problems and is the inevitable price of success. It should finally, however, result in a strengthening of the Community.

Through its economic expansion, Europe has also assumed responsibility for the poorer countries in the world. Many of them are offered generalised preferences for importing their goods into the Community as well as financial and technical assistance of various kinds. In 1974 the Community signed a Convention with 46 developing countries which amounts to the most generous form of assistance ever given by a group of industrialised countries to a group of developing countries. Not only has the European Community allowed free access to its market for the majority of goods exported by these countries, it has also assured them a sort of guaranteed minimum annual income for the sale of their primary products.

It is quite clear that the commercial weight of the Community on the world scene adds a lot to its political muscle. It has to be admitted, however, that though the Nine speaks with one voice on trade matters, they do not always have the same unanimity when it comes to political affairs. But at least the effort of trying to reach joint positions are now beginning to bear fruit.

#### AFFLUENCE

Technical cooperation between Community countries is carried out in a Community and not just an inter-governmental spirit. Within the confines of the original institutions, economic expansion in Europe has been made possible without precedent. In 1960, for example, there were only about 78 cars per 1000 inhabitants in the Community. By 1975 this had risen from 60 per 1000 people in 1960 to 262 in 1975.

### THE PROBLEMS OF GROWTH

Given the social problems that economic growth has created within the Community, it is fast becoming apparent that most of these problems need to be dealt with, and if possible resolved at the Community level. Community institutions have played a large part in creating Europe's economic expansion and the same institutions should be used to find solutions to the problems resulting from this expansion.

Economic growth has not, however, eliminated social disparities or greatly accelerated the development of backward regions. Growth has led to an increase in pollution and nuisances. It has aroused the disquiet of increasingly better organised consumers who are now taking a more active role in the consumer society of the twentieth century. The Community was called upon to deal with these problems and in 1972 the heads of government of the Nine Community countries decided to instigate new common policies in these areas. Common programmes were adopted without a blow being struck, and Community budgets were granted to implement them. Up until then the Community had been essentially economic. It took on a more human face and started concentrating on the problem of finding out how to achieve a better way of life in the Community.

### THE ECONOMIC CRISIS

It is relatively easy to eliminate customs barriers, expand free competition, and fix agricultural prices. But to reduce inequality, improve the standard of living and build a better society is much more difficult - especially in the middle of an economic crisis.

The Community is faced with the quadrupling of oil prices with, in effect, no common energy policy. The parallel rise in the price of imported raw materials has similarly caught the Community without a common industrial policy. Though it has no industrial policy, the Community is still obliged to transform a number of its industrial sectors. Above all, it is faced with inflation without an overall economic and monetary policy that is sufficiently concerted to be truly common.

Everyone is afraid of inflation and everyone has been trying to fight it in their own way. When it was necessary to find common solutions together, national solutions had to make do. The Nine's economic policies have been diverging when in fact they should be converging. At the same time, achievements such as the single market, the single trade policy and the single agricultural policy, are living under the threat of a return to protectionism by one or other of the Community countries. Up until now, the Community has been able to guard against such a threat just as it has been able to dissuade similar attempts by certain third countries. But in 1975 the Community experienced its first negative rate of growth since its creation, coupled with an inflation rate averaging 15 %.

### THE SOCIAL CRISIS

The increase in prices was accompanied everywhere by a considerable increase in unemployment. In 1975 the level of unemployment in the European Community hit the five million mark.

The re-establishment of full employment is, of course a priority objective for the Community ; and it is obvious that due to the free movement of workers a short term solution can only be found through cooperation between the nine Member States. But this is not enough. In the long term, workers will demand a continual increase in their purchasing power, a reduction in (as well as more flexible) working hours, and more interesting work. This would mean cutting out repetitive work on assembly lines. In other words, not only full employment will be demanded, but also a better quality of work.

Social demands, however, go beyond the work place. These will require an increase in communal facilities such as schools, hospitals and sports stadiums which too often get sacrificed for short term public spending projects with greater electoral advantages more than anything else.

Another requirement is more generous social and family welfare which is becoming increasingly more expensive as medical drugs become more refined and hospital equipment more advanced. The fact that children stay longer at school and old people live longer after they retire, increases the "social burden" on those who are working.

The Community and the countries that form it have ambitious social objectives to achieve to bring about better working and living conditions - but with finances that are continually whittled away by rising costs.

#### THE MORAL CRISIS

Progress causes problems. The economic growth the Community has enjoyed in recent years has developed a new life-style which in itself has aroused more widespread conflict. Those most involved are, naturally enough, the young. The unrestrained "consumer society" whose by-products go under the name of pollution and wastage seems increasingly less acceptable. It only seems capable of creating wealth by creating poverty. The poor are however increasingly less prepared to accept their poverty. One third of the entire world population is situated in the countries of the Third World. They still suffer from hunger. In our own countries society hides in its midst paupers, whose destitution is only matched by the crude opulence that surrounds it.

Industrialisation and urban concentration have caused an acceleration of the pace of life that our bodies find difficult to adapt to. The enormous size of cities and buildings have brought an increasing and almost unbearable isolation for the individuals living in them. Such conditions breed depression and even violence and often lead to the questioning of the traditional scale of values of our societies in western Europe.

#### THE TIME TO CHOOSE

All this is interlinked : the economic crisis, the social crisis and the moral crisis. But we are a long way from simple technical problems that can be solved by technicians.

The European Community is faced with a social choice. It is up to each one of us as citizens of Europe to make this choice. No doubt the forthcoming election of the European Parliament by direct universal suffrage will come at just the right time : each one of us will have the chance to



press for the Europe we want.

The interdependence that the Community has created between the men and women of western Europe obliges them to seek solutions together to the challenges of modern society. The principles that form the basis of European construction and the institutions that serve them remain valid. But the moment has come where it is necessary to reinforce them so that they can bring about a more just and humane society. Then it will be possible to make Europe a Community that is a better place for everyone to live in.

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