

# European Union summit in Nice shrouded in controversy

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7 December 2000

The European Union summit beginning today in Nice has long been considered crucial for determining the future development of Europe. It is set to initiate the accession of further member-states starting in 2003. The EU would thus grow from its present 15 members to 20, and finally to 27 or more. It would then extend from the Atlantic in the west to the borders with Russia, White Russia and the Ukraine in the east.

If the summit ends in failure, the expansion to the East will be put off indefinitely or will fail. Even if the conference succeeds, the accomplishment of eastern expansion is not by any means guaranteed; numerous political and economic obstacles remain.

The focus of the Nice summit is the reform of the EU institutions. The decision-making structures are to be tightened up, the larger states given more weight and the veto-right of individual members limited. If the present rules were retained, the entry of many relatively smaller and economically weak countries would either paralyse the EU completely, or the smaller countries could outvote the larger ones.

While in principle agreement prevails over the necessity for reform, every attempt to carry it out upsets the unstable equilibrium within the EU and unleashes fierce conflicts. In the long run, it is not a matter of administrative regulations, but of political influence and power.

In particular, sharp tensions between Germany and France arose on the eve of the summit, feeding speculation about a possible failure. The central point at issue is the weighting of the votes in the Council of Ministers.

The actual EU decision-making centres presently comprise the Council of Ministers—made up of the respective specialist ministers of the individual member countries—as well as the Council of government chiefs and heads of state. Currently the four largest countries—Germany, Britain, France and Italy—each have 10 votes and the smaller countries less, down to Luxembourg with just two votes.

If this remained unchanged, after the accession of 12 new member-states, Germany, Britain, France and Italy would have only 40 of some 134 votes in the Council of Ministers, although almost half the entire EU population resides in these countries.

Germany in particular is pushing for relative population levels to be more strongly reflected in the future distribution of votes. With over 80 million inhabitants, Germany is the most densely populated EU country, followed by Britain, France and Italy with almost 60 million each. The "Italian proposal", inspired by the German government, foresees that in the future Germany would have 33 votes, and the other three large countries 30 each. The scale goes down to three votes for Luxembourg.

This suggestion encountered vociferous resistance in France. It runs counter to the principle of Franco-German parity, which has formed a basic condition of the process of European integration since the 1950s.

Speaking to the National Assembly, France's European Affairs Minister Pierre Moscovici pointed out that de Gaulle and Adenauer had agreed on an "eternal equilibrium" of the two states. The equality of France and Germany's votes in the Council of Ministers has never been based on

demographic equality. When the treaty of Rome was signed in 1957—establishing the European Economic Community (EEC), predecessor to the EU—the respective populations of France and Germany were 45 and 57 million.

The dispute has gone beyond the bounds of diplomatic etiquette. French Foreign Minister Hubert Védrine accused his German counterpart Joschka Fischer of "rabble rousing". Speaking in Madrid, President Chirac recalled the many French dead who had fallen in wars with Germany, "until two men—de Gaulle and Adenauer—thought that things could not continue in this way, and concluded a pact of equals." He added that Germany's larger population was balanced by the fact that France possesses nuclear weapons.

Berlin acted with restraint in public, but in background discussions with the media denounced Paris. Chirac was accused of using the French presidency of the European Union in order to promote France's national interests, instead of preparing a compromise settlement for the summit. Chancellor Gerhard Schroeder even undertook a round trip, in order to win other governments to the German point of view.

Along with the "Italian proposal" Berlin would also accept the principle of a "double majority". According to this, a measure would pass if it is supported both by the majority of the member states and by a majority of the EU's population. But France rejected this solution, since it would further increase German predominance.

Despite the harsh disputes in the run-up to the summit, it is hardly to be expected that it will fail on this question. Too much is at stake for the German government, since it has the greatest interest in a rapid expansion of the EU to the east. German trade with the entry candidates already exceeds that with the USA and Canada. With eastern expansion, Germany finally moves politically into the centre of Europe, while France is pushed to the edge. Moreover, a failure at the summit threatens a further collapse of the euro and the stock markets.

The German government has signalled that it can live with French parity in the Council of Ministers. But has added that in this case, other countries might also ask for more votes. "I cannot accept a distribution of votes," Chancellor Schroeder told German news weekly *Der Spiegel*, "that would give Spain or later Poland—if you only think of their respective gross domestic products—just as many votes as Germany, which possesses twice the number of inhabitants. That is not on, everything would fall apart at the seams."

The force with which the argument over the distribution of votes is being conducted makes clear how much the Franco-German relationship has changed in the last 10 years. Whereas after German reunification the Kohl government still took French reservations into consideration and respected the principle of equilibrium, the Schroeder-Fischer government now unashamedly calls for German primacy to be acknowledged.

The distribution of votes in the Council of Ministers is not the only cause for conflict threatening failure at the Nice summit. The future size of the Commission and the restriction of the veto-right have also

unleashed controversy.

The Commission, responsible for a 17,000-strong authority with a budget of 80 billion euros (\$70.4bn), presently has 20 members. The five largest EU states each have two Commissioners, with the 10 smaller states having one each. Proposals to reduce the size of the Commission, which has been afflicted by numerous corruption scandals, have failed so far because of the resistance of the smaller states, who would no longer retain direct representation.

In order to prevent a further ballooning of the Commission, each of the five larger countries would lose one of their Commissioner posts, which would then be available for the new members. As a second step, a rotation principle is to be introduced, according to which all members would temporarily forgo their own Commissioner. But this proposal is also disputed. The smaller member-states are suspicious that Berlin, Paris and London are only prepared to take such a step because they want to weaken the Commission and strengthen the Council of Ministers where they dominate.

The national veto-right directly concerns the EU's ability to act. At present, the EU treaty still designates 72 points requiring unanimity, and the Council of Ministers can only make decisions if no country uses its veto. One aim of the summit is to increase the instances where decisions can be reached by a majority—especially in matters of foreign and domestic policy, law and security issues. This is a basic condition if Europe is to be able to act as an independent and cohesive force in world affairs.

So far all undertakings in this direction have failed because of the reservations of individual members. Germany and France insist in upholding their veto in asylum and immigration questions; Britain and Denmark insist on theirs when it comes to tax matters; Spain, Portugal and Greece want it for decisions regarding billions-worth of structural funds; Germany, Denmark and Spain say it must stay for social policies, etc. Britain is altogether sceptical about the transfer of decision-making powers to the EU. While it endorsed expansion to the east—because it sees this as a counterweight to the Franco-German axis—it wants to keep the EU institutions weak wherever possible.

The strains surrounding EU reform that preceded the Nice summit—which will probably determine its course—reflect sharp political and social tensions in Europe.

For a long time, the process of European integration has developed under two countervailing forces: the intra-European rivalries on the one hand, and the conflict between Europe and America on the other. Since the signing of the Treaty of Rome, every step towards greater economic and political integration has been accompanied by bitter eruptions of national interests, which often delayed it for many years. On the other hand, European governments were always ready to sacrifice national interests to European integration if relations with the USA were particularly strained.

In the 1970s, the ending of the post-war Bretton Woods monetary agreements by the USA provoked the first great thrust for integration. The original six EEC members were extended to include Britain, Denmark and Ireland, there were regular meetings of the Council of Europe, the introduction of a directly elected European parliament and a European monetary union.

At the start of the 1990s, the end of the Cold War meant a loosening of the ties between Europe and the USA. A new wave of integration followed. In 1992 the Maastricht Treaty foresaw completion of European economic and monetary union by 1999 at the latest. The year 1994 began with membership requests from Hungary and Poland, starting the process of EU expansion to the east. Since then not only has the common currency become a reality, Europe has also taken great strides in setting up its own army and is increasingly competing with the USA as a major power.

This has intensified the tensions inside Europe. The large and

economically strongest countries—above all Germany—are throwing their weight round, at the expense of the weaker members. This is a significant consideration in the reforms planned in Nice. Above all, however, social tensions are intensifying.

Ordinary people have long regarded the EU's institutions as doing the dirty-work for the transnational corporations and financial markets, which set the tone in today's modern, global economy. An anonymous and in no way democratically legitimised authority implements regulations and measures that effect the lives of millions and drive forward welfare cuts and deregulation.

Social tensions will intensify with the expansion to east. The descending social gradient between west and eastern Europe is enormous. The economic power of all the entry candidates together only comprises seven percent of the EU's gross domestic product. In the east, wages are far lower and unemployment far higher than the current EU average.

In contrast to when the southern European countries joined, the EU will not be able to lessen this downward gradient by paying out generous subsidies. Quite the opposite is the case. The EU is insisting upon fiscal discipline and liberalisation, which will cost millions of people dependent on backward agriculture or outdated factories their livelihoods. Unemployment and low wages in the east will be used as a lever to lower workers' living standards in the west. At the same time, the costs of eastern expansion will drain the finances for paying subsidies in the west.

One thing concerning the governments meeting in Nice, and intensifying the controversy over reforming the EU, is how this can be pushed through against the mass of the population.

So far it has mainly been nationalist and right-wing populist forces that have sought to capitalise on opposition to the EU—Joerg Haider's Austrian Freedom Party, Umberto Bossi's Northern League in Italy, Edmund Stoiber's Christian Social Union in Germany, right and leftwing nationalists in France, and the Tories in Britain. Chirac's hardline stance before the summit can be attributed to the fact that elections will soon be taking place in France. Neither Chirac nor his rival Prime Minister Lionel Jospin can drop their guard as both confront nationalists within their own camps. Moreover, Chirac is further exposed due to an ongoing corruption scandal.

Failure at the Nice summit would put wind in the sails of rightwing forces. Success would strengthen the authoritarian and undemocratic structures of the EU. The only way out of this vicious circle is via an initiative from below—by a common offensive of the European working class with the aim of constructing the Socialist United States of Europe.



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