

'One step forward' from Frankfurter Allgemeine Zeitung (5 December 1985)

Caption: On 5 December 1985, the German newspaper Frankfurter Allgemeine Zeitung examines the outcomes of the Luxembourg European Council.

Source: Frankfurter Allgemeine Zeitung. Zeitung für Deutschland. Hrsg. EICK, Jürgen; FACK, Fritz Ullrich; DESCHAMPS, Bruno; FEST, Joachim; REIßMÜLLER, Johann Georg. 05.12.1985, n° 282. Frankfurt/Main: FAZ Verlag GmbH. "Ein Schritt voran", auteur: Stadlmann, Heinz, p. 1.

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One step forward

By Heinz Stadlmann

Nothing world-shattering occurred at the meeting of Heads of Government in Luxembourg, but the European Community, whose obituary has so often been written, has actually taken another step forward. The outcome would look even more presentable if the impression had not been given beforehand that the EC was getting ready to make a great leap forward and wanted, at a stroke, to make up for all the things that it had failed to do over the almost 30 years of its existence. In any case, that is exactly how it sounded at the most recent summit meeting in Milan in June. On that occasion, there was talk of a new departure, the establishment of a European Union, and many even mentioned the election of a President of Europe.

It is astonishing that even experienced politicians, who for years have been pursuing this arduous business of making Europe work, still fall victim to such mistakes. Ever since the establishment of the EC, there has never been a great qualitative leap forward: everything has advanced in small steps. However, much has been achieved in that way. The Community has acquired new Member States in spite of considerable opposition. From next year, it will comprise 12 countries with a population of 350 million. A large potential common market has been created. This association accounts for 60 % of world exports. Trade in goods between Member States has increased considerably more strongly than trade with countries outside the Community. The constant internal wrangling has not prevented the EC from gaining stature in the world outside. Washington deals with the Community more and more frequently, and even Moscow now considers it appropriate to establish proper relations with the EC.

The reform now introduced was long overdue. The advantages of a genuine internal market have not yet come to full fruition because there have still been too many restrictions. Since customs duties were abolished, companies and national governments have been protecting themselves from competition by using technical standards and other 'invisible barriers to trade'. Every attempt to remove these discretionary powers has failed, because of the requirement of unanimity for any decisions taken by the EC Council of Ministers. Every country managed to find a reason why in this case or that it could not give up its special rights. Under these conditions, large-scale production with unit figures calculated for the whole continent has been possible only to a very limited extent. Calls for tenders play an especially important role in modern engineering, but the contracts are generally awarded to undertakings in the home country. The Europeans are now keen to win back the advantages that America and Japan have already gained because of that.

The objective of all these attempts at reform was the creation of a genuine single internal market. The key to success was changing the decision-making processes within the EC. Once again, agreement has been reached that many more decisions will be taken by majority voting in the future. It is true that there is still a long list of exceptions, but there are now many areas where no single country can block progress.

The proposals put forward by the EC Commission in Brussels went even further. However, it was unrealistic to accept decision-making by majority voting on, for example, the harmonisation of taxes, which are a key factor in economic and fiscal policy in all countries. As regards compliance with health and safety regulations, Member States identified a large number — perhaps too large a number — of exceptions and found many opportunities to opt out. It is true that certain safeguards were built in to counter future attempts to restrict competition in this way, but they have not resulted in genuine Community rules.

The attempt by the President of the EC Commission, Jacques Delors, to include monetary policy in the reform was controversial for some time. France and four other countries supported him, while Germany, Britain and the Netherlands put up initially vehement opposition. It is no accident that, by and large, the countries calling for a 'monetary policy dimension' within the EC Treaty are those that have weak currencies and are dodging the EC regulations currently in force by taking advantage of exemption clauses and by controls on the movement of capital. Because of that, there is already some distrust within the Federal German Government and in the reserve bank, where they constantly suspect the other Member States of wanting to take over the stable and strong DM and also, at a later date, to use the substantial German foreign exchange reserves for their own purposes.

What has emerged surprisingly quickly as a compromise, one that appears acceptable even to the ever-sceptical Mrs Thatcher, should not disturb the Federal Government or the Bundesbank. It does not affect monetary policy, nor does it threaten the autonomy of the Bundesbank. The commitments will be more effective in blocking further development of a European Monetary System. Supporters can find comfort in the fact that monetary union remains in the Treaty, albeit as pie in the sky. They will, of course, keep pursuing it.

The powers of the European Parliament remain the critical point in the Luxembourg agreements. It will be too little for MEPs, so they will presumably reject the whole reform package as totally inadequate. Legally, that means nothing. And decisions lie with the 12 national parliaments, which have to ratify the amended EC Treaty. However, it would be short-sighted to turn down the newly won possibilities. The value of this reform is the same as for all EC plans: progress is made only one step at a time.