

## The anti-Tindemans Report (December 1975)

**Caption:** In reaction to the Tindemans Report on European Union, 'Agenor', a European Socialist pressure group, publishes an extremely critical 'anti-Tindemans Report' in December 1975.

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## The Anti Tindemans Report

### The Economic Crisis

With more than five million unemployed in the EEC countries alone, and inflation still running in double figures, a report on a European political union for the end of the decade may seem, to many socialists, a time-wasting irrelevancy. The over-riding concern must be how to overcome the economic crisis in ways that will bring us nearer the goal of a socialist and democratic society, rather than strengthening the capitalist system.

But it is precisely for this reason that the European dimension, and the instruments for carrying through *jointly* the policies we shall need, are crucially relevant at this time. For the present crisis is not just a recurrence of the familiar pattern of boom and recession, mitigated by Keynesian economics and the welfare state. It is a structural crisis, affecting the whole of the western industrialised world, and no one country, not even with a socialist government, can hope to solve it alone.

In the first place, the *internal* contradictions of the western capitalist system, based on the over-riding and unchallenged goal of constant economic growth with ever-increasing levels of consumption have now come home to roost. This myth, with its fall-out in terms of growing exploitation and inequality, has too often been fostered by the parties of the left, with social-democrats and communists alike basing their bids for power on their claims to deliver the goods more effectively than their conservative opponents. The result has been a sharpening conflict between consumer demand and the ever-increasing amounts of investment capital required to maintain the expansion of the economy, finance technological “progress”, and maintain competitiveness.

Hence the double phenomenon of galloping inflation existing simultaneously with rising unemployment – contrary to all the safe and reassuring principles of Keynesian economics. This trend was already beginning to emerge *before* the rise in oil prices (the so-called “energy-crisis”): it was pointed out repeatedly in OECD reports from 1969 onwards. Within western Europe, this pattern has an inevitable structural impact, hitting the weakest hardest: older and younger workers unemployed, weaker industries going into decline, backward and outlying areas dropping further behind.

At the same time, we are threatened by the *external* contradictions of the western economic system. The economic growth which is fundamental to the system is based on ever-increasing exploitation of the third world's resources: energy, raw materials, even man-power when necessary. Physically, the rich countries have absorbed a growing volume of the poor countries' natural resources, many of them non-renewable. Economically, they had until recently succeeded in simultaneously depressing the prices the producer countries got for their raw materials, while forcing them to pay inflated prices for manufactured goods imported from the industrialised countries.

For ten years, from the founding of the United Nations Conference on Trade and Development in 1964, the rich northern countries ignored the danger signs. It took the quadrupling of the oil price by the OPEC countries in 1973-4 to get the message across. A group of third world countries succeeded in throwing off the economic domination of the western multinational companies that exploited their oil. They now control the supply and set the price of a vital, and for the foreseeable future irreplaceable, commodity, upon which the whole pattern of growth and consumption in the west has been built.

With the third world countries still maintaining a united front, the rich countries face a formidable package of demands. Prices for the developing countries' commodity exports should not only be stabilised at a substantially higher level all round, but should also be indexed to the rate of inflation in the industrialised world, so as to maintain their purchasing power in terms of western-made goods. Secondly, there should be a far-reaching re-distribution of economic activity from the northern industrialised countries to the third world. This is to be achieved partly through the removal of the remaining trade barriers protecting rich country markets against the imports of manufactured goods from developing countries, partly through a deliberate transfer of industrial activities and the technology which goes with them. From now on, the “new

international economic order” has to be taken seriously, and can no longer be dismissed as a piece of third world demagoguery.

Over the next few years, the external crisis will tend to sharpen the internal contradictions of the western capitalist system. The upward pressure on energy and raw material prices will continue to fuel the fires of inflation, as western societies fight desperately to preserve their existing levels of consumption. Deflationary policies designed to fight inflation will continue to squeeze real incomes and maintain high levels of unemployment, while the pressure to transfer raw material processing and basic manufacturing to the developing countries – a trend which perfectly matches the strategy of multinationals, out to maintain their profit margins – will further depress the level of industrial employment. Often the impact will be concentrated on particular industries and thus regions, further sharpening the tensions within western Europe.

In the face of an economic crisis of this scope and kind, any attempt to revive the old “European” plan for a “monetary and economic union” of the EEC countries, as an economic after-thought to some super-structure of political institutions, is obvious nonsense. If ever attempted, a monetary union with the rigid coordination of existing national economic policies needed to back it up, could only help aggravate the unequal impact of the crisis between rich and poor areas within Europe.

If a solution is to be found, it must come from those who are prepared to think in terms of alternatives to the present economic system, and its pattern of economic power. It is thus socialists above all who must ask themselves, independently of the irrelevancies of the Tindemans exercise, what is the relevance of the European level to their plans and policies for dealing with the crisis.

### **A new strategy for the left**

This first step is to accept that no single western European country, acting alone, can opt out of the double crisis from which all are suffering. Economic inter-dependence resulting from free trade and the free flow of capital – ante-dating the EEC of the Nine and covering the whole of western Europe – has gone too far for that. Naturally, socialists in each country must parry the impact of the crisis as well as they can in local circumstances. They will seek answers and alternatives which reflect their national political and economic context. But the “siege economy” as a basis for “socialism in one country” is a myth which even the most doctrinaire nationalists of the left can no longer sustain. The fundamental options for the future development of the European economy – and thus the chances for any form of socialist society – have to be worked out, and fought through, at the European level.

But in the second place, the left now has to take up the issue that was shirked for so long while continuing growth offered the excuse: viz. how to switch from the pattern of all-out, unselective, capital-intensive growth, with rising material wealth accepted as an over-riding political goal. This is a policy for which the western European countries no longer have either the financial or the material resources – quite apart from the injustice of a society built on exploitation of the third world and at levels of consumption which can never be attained by humanity as a whole.

This has several implications. It means at last tackling the problem of economic inequality within our societies, hitherto tacitly accepted even by socialists because it seemed to be the necessary condition for achieving high growth rates and rising levels of consumption for all. This will rapidly become an untenable position when a majority of the population can only look forward to stagnating, or even declining, real incomes.

The left must also accept the need, however unpopular, for the planned re-deployment of the working population so as to allow the run-down, or the transfer to developing countries, of a major slice of the jobs now provided by industries such as steel, ship-building, cars, textiles, footwear, plastics, and petrochemicals. Otherwise Europe will be faced by two impossible choices. One would be to retreat behind protective trade barriers against industrial exports from the third world – an impossible option given our dependence on trade, and one that would throw us economically and politically into even greater dependence on the United

States. The other would be to accept massive structural employment – unacceptable for the left, and also politically explosive. If we are to avoid a situation of cut-throat and ultimately self-defeating competition between the different national governments, this re-deployment will not only have to reflect a different pattern of growth and consumption, it will also have to be worked out and applied at the European level.

Lastly, the left has to face up to the problem of inequalities in the level of economic development within western Europe. It is a problem which exists within individual countries, within the EEC seen as a unit, and at the level of western Europe as a whole with the blatant exploitation of the poorer Mediterranean area countries like Portugal, Greece, Turkey, by the capitalist economy of the richer central areas. The creation of a single capitalist market throughout the area, with the EEC Nine merely a central nucleus, has already sharpened inequalities, and thus potential tensions, between the wealthy central areas and the rural and declining industrial areas of the periphery. These will be further accentuated by third world demands for a larger share of the industrial cake, which will affect precisely those industries and areas least able to adapt. Unless a strategy is found to counter this trend, involving an effective redistribution of economic welfare and activity within western Europe, the growing tensions will be enough to smash any attempt at a Community economic policy. They could also prevent the European countries from achieving the necessary common strategy towards the rest of the world.

The third conclusion which we on the left must draw is that we have no option but to deal collectively with the outside world. The European countries are going to have to work out their stance towards the third world against a background of increasingly fierce competition for raw materials and markets from both the United States and Japan. Far more dependent on important energy and raw materials than the US, which is a major producer of both, and less adaptable industrially than Japan, which has neither, western Europe could get squeezed between the ruthless economic imperialism of the two industrial giants on the one hand, and the developing countries' claims for a bigger share of the industrial cake on the other. Western Europe's technological resources, the size of its market, and its potential ability to take a line independent of the United States, could give it real influence on the future shape of the international economic system – on one condition: that the western European countries are prepared to negotiate with both sides as a bloc.

If this failed to happen, then it would not just be the European economy that would get squeezed, with all that this implies in terms of unemployment and economic hardship. The chances of major change in the direction of a socialist society in western Europe would also be jeopardised. The “new economic order” may lead to greater economic justice *between* nations; there is no guarantee it will lead to greater economic justice within nations. In most of the third world economic development has taken the form of unfettered capitalism, based on an uneasy alliance between local elites and the multinationals. The latter find that cheap and docile labour, plus non-existent social or environmental legislation, more than counter-balance the concessions they may have to make to economic nationalism.

Just as the transfer of industry to third world countries in a capitalist framework is likely to accentuate existing inequalities there, so it could also strengthen capitalist forces in the industrial world. This in turn could undermine attempts to achieve greater economic equality, strengthen workers' and consumers' rights, and control industrial pollution in western Europe, unless the left coherent strategy to counter this threat.

To sum up: the internal and external crisis of western capitalism provides the left with a dual challenge. Internally, we have to develop a new model of economic growth, based on a different pattern of consumption. It must also take account of the need for a new division of labour with the developing countries and for a fairer distribution of wealth and activity within western Europe.

Given the degree of economic integration already achieved within the area, no country will be able to opt for a fundamentally different model of development from its neighbours, hence the need to work together. Externally, we have to work out a unified strategy at the European level for negotiating a new deal with the third world and for countering the economic pressures from the United States and Japan. If the left can meet this dual challenge, then European union takes on a new and different relevance, as the necessary instrument for carrying out the goals we have set ourselves.

## The Political Crisis

It is hard to deny, for the reasons set out, that a socialist economic strategy for Europe is vitally necessary. What is not proven, for many, is that a new institutional framework, built onto the existing European Community, is relevant or necessary for carrying it out. The existing Community has an essentially conservative record, is patently ill-adapted to dealing with the outside world, and has had only marginal impact on economic trends inside Europe. In addition, it has only a facade of democratic control, and covers an arbitrary group of nine out of the countries that are involved in the western European economic area. What is there to show that the Tindemans recipe for European union – or whatever the present governments of the Nine make of it – will be any different?

To this there are several answers.

The first is to recall that the Community and its institutions, present and future, provide a framework for action. If the left were to take them as seriously as conservative forces have done for the past twenty years, the outcome would certainly be very different. Furthermore, although the EEC does not cover the whole of western Europe, it includes the five major economies of the area (Germany, France, Britain, Italy and Benelux), while the other countries involved have tied their economies to the Nine through a series of free trade deals.

Secondly, the existing Community is a dangerous no-man's land between the world of totally sovereign and independent nation states – to which no return is possible – and a future western European state, be it federal, confederal or a new invention. The institutions are entirely unsuited to the kind of problems of overall economic strategy and choices for society which the western European countries need to take, and have no option but to take together, in the years ahead.

Instead, the Council of Ministers is a forum for short-sighted defence of national interests, rather than the pursuance of any political vision. Likewise, and rather more serious, the European Council offers a seemingly irresistible temptation for the heads of government to achieve at the European level that “alliance of national unity” of which many of them dream in vain at the national level during times of economic crisis patently beyond their control. The European Council offers them a forum and an alibi for agreeing on policies, internal or international, which conflict with the basic political options they stand for nationally. Lastly, there is no organ of democratic control based on direct suffrage. Under this situation, the economic strategy which might be worked out by some or all socialist and communist parties would have little hope of being put through, being necessarily subject to compromises worked out beyond democratic control.

By contrast, within a clear-cut western European political union involving a directly elected parliament, and a form of “government” with precisely defined tasks and powers, the kind of strategy that has been shown to be needed could be presented democratically and carried through effectively. Offering a strategy that was credible because adapted to the European level, the left would have a very high chance of being able to use the democratic machinery of a European political union to get it accepted and to get the mandate to carry it through. Without this machinery, it would have no chance at all.

A third reason for taking the European Community as a starting point is that as far as the third world is concerned, it is only the voice of the Europeans speaking together, and able to accept commitments as a bloc, that is interesting and is listened to. In the emerging north-south dialogue, it is the Nine who are accepted as the voice of western Europe. Significantly, the United States on the other side is reluctant to see the EEC turn into an effective bloc with not just a trade policy but an economic strategy and political aims different from its own.

## What kind of union?

It is politically unrealistic to make plans for the political union of Europe without considering the political state of the area. A political union established by the existing establishments in an attempt to shore up a situation which is undermined nationally can not provide a valid framework for choices about the future of

society in the area.

The starting-point for European union is not the strengthening of the existing institutions of the Community, nor even the necessary introduction of an element of democratic control through direct elections to the European Parliament. Plans for European union are justified only if they are from a double motivation:

- to provide the instruments for facing up to the economic crisis in a way that keeps the options open for a socialist society;
- to guarantee throughout the area new forms of democracy adapted to the needs of people and areas and to the changes that Europe will undergo as a result of the crisis.

In short, political union must be the guarantee of a democratic society, capable of becoming a socialist society; and not a glossy and irrelevant super-structure tacked on to the present rickety economic and political system.

In this process of political democratisation, several elements can be identified. The first is industrial democracy, ensuring that workers have an effective share in decision-making. This is in any case a necessary counterweight to the steady concentration of economic power at levels more and more remote from the workers. But it is also a crucial element in any socialist strategy for facing up to the economic crisis. The European economy will be subject to many simultaneous pressures making for structural change: technological changes (often known as “progress”); the pressures from the third world referred to above; the world-wide politics of the multinationals; and competition with the other industrial powers. The strategy which can foresee and adapt to these pressures, and plan the structural change rather than undergo it passively, can only work if there is a high-level of democratic involvement of those concerned. Workers cannot be expected to moderate wage claims, refrain from strikes, cooperate in industrial change or accept the need to seek new employment when they have no share either in the profits or management decisions affecting their jobs.

There are many possible approaches: greater public accountability by companies in terms of the obligation to disclose information and seek consent for certain decisions; greater rights for the trade unions; direct participation in management decisions by workers' representatives through works' councils and seats on the board of directors (along the lines of the German Mitbestimmung system) or the establishment of workers' cooperatives.

None of these approaches is mutually exclusive, though there are wide variations in the way the different national union movements approach this problem. European union does not require a uniform solution which is anyway unattainable. It does require a certain convergence between national practices, for the obvious reason that a marked divergence in the extent of industrial democracy between the different European countries will allow both the multinationals and governments to play the unions off against each other, and thus act as a brake on the general trend. Ultimately, certain reforms will have to be the subject of the European-wide legislation.

This is one of the few areas where the present Community has moved in the direction which a left-wing strategy would require. The proposals tabled by the European Commission in 1975 on European company law and convergence of national company legislation, and the broad debate due to take place around them, point in the right direction, though they stand little chance of reaching the statute book if the left-wing parties ignore them.

The second element is the need to link European union with the strengthening of regional political representation, particularly where this reflects a genuine sense of regional or suppressed national identity rather than a product of administrative convenience. So far the EEC has been far too subordinate to the national governments that created it to take up the cause of regional autonomy but the debate on European union could and should be the occasion to establish the link.



The link could affect the shape of European union in many ways. The European Parliament would obviously gain in democratic authority if its members represented regional political forces rather than an extension of the increasingly discredited national political parties. Equally, direct elections to the European Parliament could give a boost to regional political organisation, whether this was the intention or not. The Council of Ministers, which symbolises the authority of the national States, can hardly remain unaffected. Any transfer of real decision-making powers in the economic field to regional bodies is bound to raise the problem of the coordination of these decisions at the European level, probably sooner than anyone has expected. How could the EEC authorities compel an elected Scottish Assembly committed to encouraging rapid industrial development to keep within the EEC rules of competition if Scotland had no voice in the definition of Community regional development policy.

But moves in the direction of a greater regional democracy and representation are no more an end in themselves than is a directly elected European Parliament. What counts is the content of the proposed strategy and its relevance to the very real problems of the regions. One of the greatest failings of the different European countries has been their apparent inability to prevent the concentration of economic activity and wealth in the national capitals and the central industrial areas, in spite of the enormous cash incentives to private industry in recent years to move to the less-favoured regions.

The EEC now threatens to limit the freedom of national governments in this respect to prevent them bidding for the favours of the multinationals, though the common market can only intensify the pull of the centre. The structural changes needed to adapt to the demands of the third world will further accentuate the difficulties of the outlying rural and declining industrial areas, thus increasing the strain on western Europe's fragile cohesion. Yet the Community institutions are unlikely to give regional development the sort of priority it requires so long as the regions most directly in need are represented by the national governments who have traditionally neglected them. A regional component is thus a vital factor in the structure of European political union, reducing the excessive concentration of power at the national level at the same time as limited functions pass to the European level.

The third element is the need to guarantee the democratic character of any future European union, and its commitment to basic human rights and political freedom. In the past this has either been taken for granted or assumed to be a matter for national constitutional safeguards – the Gaullist belief that political liberty is connected to national sovereignty.

Neither assumption is at all justified. The European Human Rights Convention is not part of the EEC Treaty. Quite apart from the absence of any element of representative democracy, the EEC provides no explicit guarantees for the rights of the individual even in the economic field other than those implicitly provided by the legal traditions of its Member States. But the record of the various European governments is not always impeccable. The definition of political and trade union rights is more restrictive in some countries than in others, not to mention the situation as regards divorce or abortion, which is a basic right in one member country and still a punishable crime in another. Indeed, for socialists the contrast between the painstaking efforts by the EEC to level out conditions for people in their function as workers, and the lack of concern for their differing rights as human beings, is one of the most shocking aspects of the present situation.

Last but not least, there is always the possibility that a combination of economic conflict and social unrest could bring a right-wing authoritarian government to power in one or more countries in western Europe. For those whose faith in the democratic stability of the Nine cannot be shaken, it is worth remembering that not only Greece, which has already applied, but also Spain and Portugal and (possibly) Turkey may be expected to seek admission to the EEC within the next decade. The decision on whether to admit Greece, where the regime of the colonels is no distant memory, will have to be taken within the next year, even before the decision on European union.

In these circumstances, it is clearly vital to write the same constitutional guarantees into a future European union that have already been achieved at the national level, possibly on the model of the guarantees of human rights that are written into the constitution of the Federal Republic of Germany. At the very

minimum, acceptance of the European Human Rights Convention and democratic parliamentary institutions should be made a formal condition of membership of the European Union so that no country which did not meet this condition could become – or remain – a member. In the long run, the aim should be to institutionalise the highest level of human, political and economic rights existing in any member state, progressively obliging the others to align upwards.

## Conclusions

1. The nature of the economic crisis facing western Europe, and the latest political crisis that coincides with it, make it necessary for the Left to reflect on politics – and consequently on the instruments for carrying them out – at a level going beyond the nation state. To dismiss the Tindemans operation as irrelevant is to fall into the trap of leaving essentially conservative forces to shape the political institutions of the next few decades.
2. The over-riding priority for western Europe is an alternative economic strategy, to replace the uncritical pursuit of unselective growth. Underlying such strategy will need to be a renewed commitment to combat inequality, both within European society and at the world level. The guiding element in it will need to be a reallocation of productive resources to adapt to structural changes, without which the prospect is of massive and lasting unemployment and worsening regional and social inequalities. Such reallocation is only possible in the framework of deliberate long-term planning.
3. The kind of strategy needed can only succeed if carried through democratically. Extending the institutions of parliamentary democracy to the Community level is an important move. Whatever the exact pattern of institutions worked out at the European level for a political union, it is a vital minimum that it should have a simple, understandable pattern of directly-elected parliamentary democracy. The trend towards a central decision-making body of heads of national governments, neither controlled by a European-level parliament nor subject to effective control by their separate national parliaments, needs to be countered by the emergence of a body drawing its legitimacy from – and effectively controlled by – the European Parliament.
4. But instituting a parliamentary system at the European level will not suffice; for the national democratic system is itself in crisis. Only far-reaching involvement of workers in the decision-making processes in the private sector can ensure that major structural changes, which are going to be forced on Europe by the aspirations of the third world and the competition of other industrial powers, take place in acceptable ways, rather than accelerating the concentration of economic power. So industrial and economic democracy must be at the heart of any future political union.
5. Similarly, the populations of different regions will face upheavals, whether through outside pressure or as part of an overall strategy. This will increase the tensions between them and over-centralised national systems. Some form of democratic regional participation is clearly a vital element in any future European union.
6. Last but not least, the European Union must have an active concern not only for the economic rights but also for the political and human rights of the individual citizen, and have the means to defend them. Only in this way will it acquire the human face which the present conservative and bureaucratic institutions so conspicuously lack.