The Present State and Prospects of the European Communities

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The image of the European Communities has lost some of its glamour as should be stated bluntly in any attempt to present a fair view of the state and prospects of the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community—the three communities which have sprung from the Treaties of Rome and Paris. As their organs have since been merged, they will here be designated "The Community". Walter Kittel, the Deputy Permanent Representative of the Federal Republic of Germany with the Community, states in the following a personal view.

There are four main reasons for the shadows on the image of the Community which have aroused concern and criticism among the European public:

(1) Next year will be the 25th anniversary of the EEC and Euratom, while the European Coal and Steel Community has now already been in existence for 30 years. In the meantime the institutions have come to be taken for granted as just a part of everyday political life. Their positive effects are not questioned but neither emphasized any more while their faults hit the headlines a good deal more often than their successes.

(2) The Community is said to find it increasingly difficult to arrive at agreed decisions—and so it does. For many years it registered quicker and more conspicuous successes than it does today, especially by negotiating and agreeing on packages providing programmes and dates for future concrete undertakings. The decisions facing us today touch much more directly than formerly upon the hard core of national interests. Besides, not only is there less political will to make common sacrifices when the world is in a difficult economic situation but the objective preconditions for them are more limited.

(3) The European agricultural policy has become a bone of contention because of the surpluses of dairy produce and some other articles and the burden on the EC budget of financing these agricultural surpluses.

(4) The European public is still woefully uniformed about the nature and working of the Community.

Is the Community Stagnating?

It would certainly be too simplistic to answer this question by merely pointing to the important decisions of the last two years but we are entitled to allude to four major decisions in each of the two years 1979 and 1980 which have brought on great advances. The most important events in 1979 were:

- The first direct elections to the European Parliament,
- the setting-up of the European Monetary System,
- the completion of the Tokyo round of GATT, and
- the signing of an—improved—second Lomé Convention.

Among notable developments in 1980 were:

- The political solidarity of the Community shown by the embargo measures in the Afghan and Iranian crisis,
- the settlement of the dispute with the European Parliament concerning the budget,
- the disposal of the difficulties caused by disproportionately heavy contributions to the
Community budget on the part of Great Britain, and last not least

the enlargement of the Community at the beginning of 1981 by the accession of Greece.

On the empirical evidence it may thus be stated straight away that the Community has become stronger, and not weaker, as a result of these important decisions and events in the last two years. A proper assessment of the state and prospects of the Community requires however a detailed review of the salient Community activities.

The Enlargement of the Community

When President Pompidou did away with the French reservations against the admission of Great Britain to the Community, he referred to the generally accepted "Triptych" proposition: The enlargement of the Community must go hand in hand with its completion and consolidation. An essential element in the moves at the time was the adoption of a resolution on progress in stages to an economic and monetary union.

Monetary cooperation is playing an important role also today but the real counterweight to an attenuation of the Community as a result of its enlargement by the Mediterranean countries – Greece, Spain and Portugal – is now the strengthening of the political stability, primarily of the acceding countries, but indirectly of course of all member states.

The effectuation of the Greek accession on January 1, 1981 caused no significant changes in the work of the Council of Ministers and its sub-committees. For one thing, Greek ministers and delegates have been attending all meetings since last autumn as observers. Besides, the material problems ensuing from the integration of the Greek economy, and more especially of Greek agriculture, are transparent and mitigated by the transition period of seven years.

The integration of Spain with the Community will involve considerably more difficult tasks. In some sensitive industrial areas, e.g. in steel and shipbuilding, Spanish enterprises are quite competitive; in others Spain will have to make great efforts to keep up with other European competitors after the end of the transition period. Spanish competition will present tough problems in the agricultural area – for citrus fruit, wine and, especially, olive oil of which the country is a highly competitive producer. Farmers in the old EC countries have been aware of this problem for a long time but the negotiations have not yet touched its hard core. The Community is still far from an internal consensus on the agricultural sphere. In addition to the mentioned industrial and agricultural areas in which the Community may have reason to worry about the effects of Spanish competition there are wide areas in which big performance differentials are likely to involve correspondingly large net transfers to Spain of Community budget funds.

Portugal's accession will in principle raise the same problems but since its agricultural prices are in some areas higher than in Spain and in the Community, the problems will in the main be confined to wine as far as marketing is concerned. Net transfers to Portugal will be required chiefly in the structural area.

The target date for Spain's and Portugal's accession to the EC is still the beginning of 1984. It is probably not too optimistic to expect a Community of Twelve to be in existence by the second half of the eighties at the latest. More tough negotiations will no doubt be needed, and it will probably be a formidable task to find a common platform for the old EC members in these negotiations.

Coordination and Harmonization

It is one of the prime prerequisites for progress in the work of European unification that the economic stagnation is overcome. The economies of the Community members are beset by high and in some countries startling rates of inflation, by unemployment, by retarded or even completely halted growth and by sectoral difficulties aggravated by galloping oil price increases. At the same time the Community is endeavouring to further the convergence of the member states' economic policies and to grapple with the burdens imposed by the economic world situation. In the whole of this area, in which the EEC Treaty envisages only a coordination and not an amalgamation of the national policies, the Community has been fairly successful. Outstanding progress has been made in appreciating that market-economic solutions should be sought for the encountered cyclical difficulties. It is inconceivable that we should have resisted the temptations of protectionism without this basic consensus on the coordination of economic policies, which means in concrete terms, of the cyclical, budgetary and monetary policies, and without a common trade policy integrated in accordance with the treaty.

In German circles there has always been a special commitment to the aim of developing the internal market further in keeping with the treaty objectives, i.e. to unobstructed movement of goods, capital and labour and to fair competition over the whole area of the