

INSTITUTIONS FOR EUROPE

Weekend Discussion

Summary of meeting at Wilton Park, January 19-21, 1968

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The need at the present stage in European integration for study in depth of institutional problems was justified by

- (a) the clear evidence that almost any real progress with economic union could only be accomplished as a result of institutional reform;
- (b) the obvious tactical requirement in the face of opposition for a clear re-statement of long term aims;
- (c) the strategic need to know where to place priorities.

It was generally accepted that the long-term prospects were good for a United Europe with a reasonably strong central decision-making body. As one voice put it, when the choice is between the hegemony of one country, anarchy or supranationalism, everyone except the dinosaurs must be in favour of supranationalism and in fact "everyone was supranationalist now". Certainly the elites were strongly in favour of greater European integration and the sources of support were growing at the same time as the numbers in favour. The great success of the 'Defi Americain' was very encouraging.

There were, however, no grounds for complacency. The theory that power would pass imperceptibly from the governments to the Commission and Community authorities as the latter gradually extended their responsibilities, no longer bore much credibility. Recent experience suggested that disagreements between member governments did not necessarily provide an opportunity for the Commission to strengthen its powers, and that where the Commission was not competent or where its attitude encountered basic political differences between member governments, then power reverted very rapidly to the national governments and negotiations to the traditional inter-governmental channels.

Despite this, the gradual transfer of responsibilities from national governments to the Community was still thought to be possible by some and *faute de mieux* such a process was certainly useful. It gave the Community bureaucracy the time and the openings to help "modernise" the attitudes of elite groups, providing facts and statistics stripped of ideology and a detached and expert viewpoint which, in a welfare seeking society, could be of considerable political influence, especially when national interest groups took up a Community argument for their own account. It also provided the framework for the process of "infiltration" - considered very important - whereby bureaucrats in particular, but also politicians, learned to adopt a European standpoint both in Brussels or

Strasbourg and in their own capital. The Commission and European Parliament had clearly done a great deal in this way.

The gradualist approach was, however, primarily recognised as long-term, preparing the ground, whereas at numerous points - perhaps largely because the ground had been prepared - a decisive breakthrough was needed. In many ways the British application for membership raised this problem and increased the existing pressures for a breakthrough to institutional reform. In particular an increase in numbers, while it might well reduce the weight and influence of any one country's interest in proportion to that of the rest, obviously made it necessary in the interests of efficiency to reinforce the institutions. Furthermore, if Britain were to be faced with paying a disproportionate share of the agricultural fund, she might be persuaded to seek a solution in a wider and stronger Community budget not confined to individual sectors out of which she could hope to recover in other sectors than agriculture e.g. coal, a part of what she had paid out. In general, as applicant (or "demandeur") Britain was forced by her position to seek solutions to the problems raised by an enlargement of the Communities in a reinforcement or stricter application of the club rules than in exceptions to them.

The limitations of the gradualist approach were clear in a number of fields. Sectors like technology and industrial policy (the former a part of the latter) were far too fundamental to a nation's existence for it to be likely that a transfer of major responsibility over them could be effected only gradually. Yet considerable pressures were building up for common actions in these fields. The British were very worried by the brain drain and the take-over by the Americans of large numbers of British firms. Although some scepticism was expressed as to whether such an apparently arid and rational subject as technology could arouse any very considerable emotions, and even less find its own effective pressure groups, it was strongly argued that in Britain at least, and almost certainly elsewhere, this was the reflection of some major political issues with powerful lobbies to back a national or European alternative to American domination. A subject matter too for which widespread popular "grass roots" support could be mobilised: Wilson's speech in the 1964 election on the technological revolution was probably the nearest thing there had been in recent years to an election winner; and what would have been the reaction if Ford had bought out BMC, or were to buy out Fiat? Such pressures could, with British entry to the Community, help provide the Community institutions with a strong budget and effective powers in this field at least.

If technology was the sector most in view at the moment, over the longer term the general problem of some central responsibility for the

re-structuring of industry, control of big companies, regional planning and transport was likely to become increasingly important, as in the U.S.A. Here again, the transfer was such that it was difficult to see it happening slowly through a gradual accretion of powers at Community level.

Another field was monetary organisation, with the prospect of a major monetary crisis already giving strength to forces in favour of a European solution. When faced with the threat of falling reserves and tight monetary conditions, the Six might see the advantages of closer co-operation amongst themselves especially if the alternatives to such closer co-operation appeared to be, for countries like Belgium, to move towards a quasi-dollar area in which they would accept non-convertible dollars in their reserves as the price for continuing dollar investment in their country. Any possibility of shifting the burden of the sterling balances on to the backs of a powerful Community reserve fund would, moreover, be a major incentive to the British to cooperate and accept stronger central institutions, while strengthening confidence in at least one form of reserve unit and providing the Community with its own fairly large stake in reserve currency management. Any such move would, as in technology, greatly reduce the risk of American domination to all parties concerned. A reserve fund would also be able to play an important regional role within an enlarged Community in helping to even out balance of payments problems in an economic union. Possibly progress on this front had to await the moment when the French balance of payments ran into serious difficulties.

Agriculture and the mounting cost of the common agricultural policy (which, while strong enough to prevent national governments carrying out their own policies, was not in fact itself a policy in any real sense of the word) looked like a further point of pressure for institutional reform. The Council could, in any case, not continue blindly to authorise ever higher prices and its inability to decide could lead to a crisis in which the Commission might be given powers to fix prices under European Parliament control. It was suggested that the introduction of TUA, which again restricted national independence but did not replace it with a common policy, would release similar pressures for institutional reform.

Further points adding to the list of pressures bringing the present cumbersome system under ever mounting strain were, still within the existing Communities' framework, the need to apply a common policy for foreign trade and on energy; and outside it the problems of common defence, in any event Nato reform and the arms requirements for the seventies and eighties and eventually, with the possibility of greater U.S. isolationism, the need to assume much greater responsibility for Europe's

own defence. Last, but not least, there was the long-term problem of consolidating effective democracy in western Europe: European integration had to provide an answer at least in part to the growing problem of the widening gap between the individual and the centres of power which was already all too evident in all our countries.

It might well be true that the members of national bureaucracies had recognised the failure of the national apparatus and had come to understand that the best solution for them was to coordinate their policies at Brussels. But this did little to solve the major problem which, in general terms, was that a mixed system - such as the present Community one - allowed far too great a diffusion of the same powers over too many small centres. The danger of such a situation was the inability to reach key decisions rapidly and the impossibility within a mixed system of attaching responsibility for such failure to one particular institution or group of men.

There was, in this sort of situation, a great risk of dismemberment and confusion, so that it was difficult for such a system to survive for any long period. Equally it was not in the best interests of democracy since control could only be effective when exercised over some final centre of power and not over just one point in a chain. This being so, a specific transfer of sovereignty was necessary at some point in time.

The Communities were a creation of the nation state and much of their success had been in the reconciliation of national interests. But mere reconciliation was not enough, as an increasing number of instances were demonstrating: an upgrade in the national interest and its absorption in a greater common interest was required. The Commission-type role was vital for this, but the Commission still lacked a Community, or non-nation state, basis for its authority.

#### Political System

The traditional strategy for developing this popular basis for the Community was the direct election of the European Parliament and an increase in its powers. The direct election of the European Parliament's members as the main source of popular support for the Community could, however, bring the risk of inefficiency and weakness to its decision-making, since at such elections party discipline could be weak, parties could proliferate and local interests could come to assume a disproportionate weight in the debates of the elected Parliament.

The Community was in need of an effective executive with authority to act and the function of most multi-party systems, e.g. in France, Netherlands, was to reflect differences and check the actions of government rather than to provide a firm basis for authoritative action. The U.K.

system - more concerned with the choice of the executive than with control over it - might be more appropriate; but even this was criticised for not providing sufficient impact on public opinion throughout the Community since it interposed an electoral college - the Parliament - between the electors and the elected executive.

The suggestion to supplement a directly elected Parliament with the direct election of the executive appeared to meet many of these criticisms. The direct election of a party list to the Community executive, like a presidential election, would force cohesion and discipline on the parties and probably lead to a consolidation of political parties and groups into a very few major political formations. This same tendency would help to keep local interests under control, absorbed in the wider interest. A Europe-wide single party list, on which representatives of different nationalities stood together for election, would also have a massive impact on public opinions.

These apparent advantages had, however, their limitations. One very important one was the time factor, since to introduce direct elections before the Community executive had real powers or at a time when public opinion was disinterested in European affairs and the abstention rate high, could weaken the whole Community structure, discredit elections and do more harm than good. Alternatively to institute a system which was chiefly noteworthy for its psychological impact on the electors only when such electors were already psychologically prepared, seemed at best of somewhat marginal value. Against this it was argued that in practice the evolution of popular opinion and interest would be much more gradual and ways of galvanising its attention and widening its horizons would be needed for a very long time: whereas political developments could go faster and sufficient institutional progress be made for the installation of a directly elected executive to become feasible at a stage when it had sufficient powers to impress but when the electorate still needed impressing. This probably meant waiting until the powers of the Community executive included foreign policy and defence.

Another problem with this system was to know what role the opposition could play. If it were not to be forced to challenge the legitimacy of the whole construction, it had to be given adequate representation somewhere. The obvious method would be for members of the defeated party list who had come second to the winners (or alternatively of the defeated party lists who received a certain minimum percentage vote) to be found seats in the European Parliament to act as leaders of the opposition there.

Coupled to this was the imperative to provide any initial European government with a wide consensus of support. It was suggested that a directly elected executive even with a lower percentage of the vote could

make claim to greater effective popular support than a government elected indirectly by the Parliament. Whatever the merits of that assertion, it was clear that, at least at the outset, only a coalition could achieve the required consensus. One very effective means of producing a coalition was to organise elections in two rounds as in France, one a few days after the other, the first round for electors to vote for their first choice, the second (after electoral alliances into two blocks) to eliminate. In this way there was every chance in direct elections to the executive for the winning list to obtain over 50%; whereas, even with the same system of two rounds, the results for parliamentary elections could scarcely ever be so clear.

There remained, of course, the familiar problem of an elected executive and a hostile Parliamentary majority. Here the solution appeared to be to try to achieve synchronisation of Parliamentary and executive mandates so that the elections would return similar majorities in each case. But then the elections for the Parliament would need to be subject to the same sort of party discipline as those for the executive. If the practice of directly electing the executive did not obviate the need for few and disciplined parties in the parliament, though it might make it easier to achieve such groupings, was it not simpler to concentrate on methods of achieving a stable majority in the European Parliament than to seek to institute a directly elected executive?

Much could in any case be done, short of direct election of the executive, to avoid the instability of "assembly rule" (as under the Fourth Republic) and yet to preserve the traditional European practice of Parliamentary appointment of the executive. The electoral system was a key factor: the form of elections together with regulations to govern the minimum conditions for constituting political groups and their financing (particularly if a part of this were to come from public funds - a likely enough development) could weigh the scales very considerably in favour of large parties and against the smaller ones. The rules of procedure in Parliament were also of great importance especially those relating to votes of confidence or dissolution of the assembly.

Factors such as these had been introduced in both France and Germany with some success and had existed in Britain for a very long while. British experience, though, pointed to the need within a large political formation for tough party discipline, and this was often difficult to apply without the patronage that went with office. It was perhaps necessary to include within the system the possibility for members of parliament to reach positions of power in the executive and this required some ladder from Parliament to the executive as well as the prospect of occasional changes in ministerial posts between elections, of retirement

and, of course, resignation.

This caused few difficulties in the traditional framework of an executive elected by Parliament but in the case of a directly elected executive it raised the further problems of the individual ministerial responsibility of persons elected as members of a group and the extent of the accountability of an executive elected with one popular mandate to a Parliament elected with another. These problems were not discussed further though it was suggested that the replacement of a member of a directly elected executive could be through nomination by the executive and ratification by the Parliament.

There was some concern expressed that these constitutional models failed to take sufficient account of the potentially dangerous conflict between a European federal authority and the nation state, a split which could aid the growth of an anti-European psychoses for quite legitimate motives. There was general agreement that a bicameral system, perhaps with ministers from national governments sitting in the second chamber, would go some way to reduce this danger. It was also suggested that the Swiss system, with its intricate calculation of party, linguistic and regional (cantons) qualifications for membership of the Federal Council might be a suitable model for a coalition Commission.

However, while several systems could be envisaged for the longer term, few suggestions, with the possible exception of some measure of direct elections to the Parliament, seemed of immediate practical application.

### Political Parties

No constitutional system, however well fashioned, can provide political stability where it does not exist. The political parties are traditionally the vehicles of political expression and hence to a considerable degree the guarantors of stability. They are obviously the most important factors in determining policy in Europe with a key role in the choice of system, the method of making it work, and the appointment of members of government.

However the parties were in general much less well organised at the European level than the professional interest groups. Parties were linked through loose cooperative arrangements but the very different national contexts, the image they gave to the parties and to their relationships with other parties, were the source of many difficulties in strengthening these international links. Yet parties increasingly had need of a European position as part of their own national platforms. One good example of this was economic planning, which could no longer seriously be controlled only by national governments in a common market or economic

union. The Socialist parties which supposedly supported the merits of planning should join hands in a common policy to develop planning at the European level. Little though had been achieved in this way because they, along with other parties, lacked the structures to work out this and other such policies and did not see clearly their interest in doing so.

One cause for this lack of interest was held to be the fact that parties exist to attain power and do so by appealing materialistically to their electors. Until power was centred in Brussels, the parties would remain unconcerned with what went on there. In support of this somewhat static image of a party's role, it was argued that Community powers would in any case be built up by the already considerable forces pushing for policies which required more centrally controlled funds, and that this would lead the parties to react to the scandal of uncontrolled centrally administered funds with a call for an increase in the European Parliament's budgetary powers. It should be possible to envisage the possibility that parties would refuse ratification of instruments setting up central funds unless they were accompanied by parliamentary control.

However, it also seemed unduly sceptical to maintain that parties could only influence the control of a purse (or central fund) that pressures other than their own had brought into existence. Political will could be created and national parties be pressure groups for a European viewpoint as, in their separate national straitjackets, many already were; and with aspiring politicians looking for bandwagons to carry them to success, the number was likely to increase. There was a constituency for Europe, as the success of Servan-Schreiber's book had shown, and the growing desire for change might well enlarge it. But the parties still lacked the contacts amongst themselves and the awareness of a common opportunity and a common interest, without which it was impossible for them to work out and promote common European policies.

While it seemed clear that it would be mistaken to have direct elections to a parliament which had few powers, for fear of a decline in the quality of members and the discredit of the parliamentary system, it appeared likely that a reinforcement of the European Parliament's powers would bring increased cohesion amongst the parties. The degree of cohesion between members of Parliament, though not between their parties at the national level, was already greatest in the European Parliament where members sat in party groups and had, in at least two cases - the Socialists and the Christian Democrats - European parliamentary secretariats of degrees of efficiency in advance of other international party links. This cohesion did not mean that differences between the national groupings did not exist but that there was much greater pressure on them to iron out their differences within each party grouping through



internal and sometimes fierce party discussion. The mechanism therefore to a large extent produced the right result.

There were suggestions that new party lines should be formed along pro-federal and anti-federal lines, exploiting opposition to the Gaullist challenge in order to bring together those in favour of stronger institutions. These suggestions, however, seemed to ignore the reality of existing party alliances, e.g. in the European Parliament, and also could be criticised for the substance they might give to the looming shadow of potential conflict between the nation state and a European federal authority.

#### Political Union (long-term)

Political union, it was suggested, could best be developed on the basis of the existing Community institutions with the Commission retaining its right of proposition. This avoided rivalry between institutions and the almost certain weaknesses of a new creation which was initially virtually bound to be inter-governmental in form. The evolution of political union could start with consultation laying the foundations for consolidation at a favourable political moment. An initiative to introduce political consultation as the first stage could be taken at the time of the merger of the treaties.

The problem of such a system was likely to be its inconclusiveness: decision-making would be muscle-bound and long drawn out. So long as member states kept separate diplomatic establishments and pursued separate policies towards each other, each with their own secret instructions, consultation might occasionally lead to a consensus but there should be no illusions over its real weight and effectiveness.

However, it was considered possible that a consensus might be reached in a few areas, and this led to the proposal for creeping integration (c-a-d par petites etapes) through the irreversible inclusion in Community decision making of such areas as and when agreement became possible. This should perhaps be done by some arrangement within the Community framework, i.e. approval by the European Parliament of a Council decision. This would imply inter alia transferring to the Commission the responsibility of negotiation with the outside world in the field in question - as had happened in the Kennedy Round.

It was recalled that foreign policy meant basically military policy, aid, trade and monetary policy - or guns and butter. A proportion of this foreign policy was already the responsibility of the Commission, i.e. most trade and some aid. This proportion ought to increase with the further development of the Communities to include most economic aspects of foreign policy, i.e. all trade, most aid and monetary policy too.

This being so, it might then appear paradoxical that half the Community's foreign policy was carried out by Community methods and the other half left to one side: then consultation at the very least would seem to be clearly necessary. Justified though it might be by fears of dispersion of overall responsibility, the idea that defence policy should be incorporated in the existing Communities decision-making processes did, however, contain several disadvantages and dangers. One obvious disadvantage was the exclusion of Britain - for Britain appeared as the likeliest promoter of a Defence Community now that its defence was Eurocentric and its government highly cost-conscious. Whereas a danger to the existing Communities would come from the fragility of any new Community in its formative years, and a defence Community perhaps more than most, bringing the risk that its collapse would carry the whole of the rest of the existing Community structure away with it. Opinion remained divided as to whether the best solution might therefore be a separate defence Community with an agreement between member countries - which might well exclude France - to merge the new Community with the other Communities, say, after ten years; or might more simply be the gradual extension of the responsibilities of the existing Community into new fields, e.g. into arms procurement and production as a stage towards the incorporation of defence as a whole in the present, but reinforced, Community structure.

#### Political Union (short-term)

It was fairly clear from discussion that the possibility of employing the negotiations for the merger of the treaties as the occasion for reinforcement of the institutions and an enlargement of membership seemed very remote. There was little conviction that a merger could produce any institutional change of note other than perhaps a further weakening; nor much belief that a refusal to accept the merger could carry much weight as a bargaining lever to extract concessions on enlargement since the only two parties which were really interested in the merger of the treaties were the Kiesinger government and the Commission.

If there were to be initiatives the great majority thought they ought to be British in origin - the key point in any such initiative being the institutional content. The real "prelable" was federalist or institutional, not British. The British government claimed it was "presumptuous to go beyond what the Six were doing" in institutional terms. But if the British believed seriously in a future strong federal Europe, they should consult with their continental friends to see how far they were prepared to go. The British government's position on Community institutions remained fundamentally obscure to the extent that it was far from certain to many observers whether the British attitude was really different from that of

De Gaulle. These uncertainties could only be removed by a clear British statement on institutions, which would come best as part of a general initiative by Britain for the creation of a genuinely supranational Community to deal with conventional defence, arms procurement and parallel aspects of technological development. It was suggested that such an initiative could contain proposals for merging with the other Communities at a later date and even for an annual conference which would promote the merger until such time as agreement had been reached;

Of course, it was added, the absence of an economic base and of the experience of cooperation over a period of years would weaken any such new Community. However, there was no doubt that the situation would be much clearer if the British government had openly stated its position.

A quite different and minority attitude considered that the Six should try to formulate a common foreign policy amongst themselves as their first priority and as a concession to De Gaulle which might encourage him to agree to British entry.

D.McL.  
June, 1968