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# EUROPEAN INTEGRATION



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# EUROPEAN INTEGRATION

SHARING OF EXPERIENCES

**Jørgen Ørstrøm Møller**



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# FOREWORD

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World politics and economics are increasingly being shaped by the drive towards “institutionalization” on a global or regional scale.

For years, nation states have searched for answers to the challenges of globalization. But reality has shown that economic forces such as capital movements, foreign direct investment, trade flows or even currency movements can dwarf the power of the national economies. Even large economies such as the United States of America have come to realize their dependence on economic globalization.

This has led nation states to develop close coalitions or even cooperative frameworks. They choose partners pursuing analogous objectives. This bodes well for the future of the world and the solidity of economic globalization, which has provided the world with robust and persistently high economic growth for several decades.

Efforts towards greater international cooperation point in the direction of a political desire to harness economic globalization, rather than leaving it solely in the hands of the market. This is what inspired the creation of the World Trade Organization sixty years ago. This is also at the heart of the project of greater European integration, which has now celebrated its fifty years of existence.

The European Union is certainly not the first historical experiment of greater economic integration, but it is definitely one of its most successful and far-reaching illustrations. Europe may today harbour questions about the future of its integration, nevertheless there is among Europeans an overwhelming endorsement of its achievements since its first steps in 1952 with the creation of the European Coal and Steel Community, which preceded the Treaty of Rome. Today Europeans benefit from a single market that has boosted European economic growth. A Common Foreign and Security Policy is the platform for a global presence of the European Union in the world. Europeans have created a common currency, the Euro. Even the sensitive questions of immigration, human security or the fight against international crimes, just to name a few, have found their place in the European treaties.

The Europeans took a quantum leap in pooling their sovereignty to exercise it in common. That was not easy for old European nation states, many of which had fought each other for centuries. They did it because they

realized that in a globalized world, economic integration is the best way to safeguard domestic political preferences, to ensure human security and a rising living standard for its people.

Mr Møller's book uses the experience of European integration as a platform to illustrate how greater integration between nation states can work, its advantages, principles, and mechanisms. It also addresses many of its challenges and uncertainties.

With his more than twenty-five years of experience in European integration matters and having lived in Asia in the last ten years, Mr Møller is well placed to put the European experience at the service of Asia's current endeavours to move towards greater integration.

I believe that this book can inspire Asia in its efforts to shape its integration process to deliver solutions for Asia, Asian nation states, and above all Asia's population. Asia will find its own way, but some of the methods, tools, and instruments used by the Europeans may provide valuable experience in the Asian context.

Recently the Eminent Persons Group put forward ideas for a stronger ASEAN. The recommendations outlined in this report seek to strike a balance between preserving ASEAN's fundamentals and putting a stronger basis for ASEAN's cooperation and future integration. The report is both bold and visionary. Ambition and vision will pave the way for improvements in the rules guiding the cooperation.

The European experience indicates that rules and trust go hand in hand. Trust between the nations opens the door for clear and specific rules. Such rules introduce aspects of a legal system among member states reflecting common interests, but also a sense of common destiny.

The key words are a vision of the way forward, a political will to make it happen despite temporary disappointments and setbacks, and trust among the participating nations are the indispensable common denominator.

*Pascal Lamy  
Director-General of the World Trade Organization, and  
former Member of the European Commission, responsible for Trade*

# FOREWORD

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I am delighted to support the publication of this excellent book. Professor Jørgen Ørstrøm Møller is an astute scholar and experienced diplomat who showcases the stunning successes of the European Union (EU) as well as the challenges it has faced.

A vast number of books have been written about the EU, examining all aspects of its history and architecture, but very few have looked at the EU from an Asian perspective. Professor Jørgen Ørstrøm Møller is in a remarkable position to do so. As a Danish diplomat and academic who has lived and worked in Asia for a number of years, he has used his first-hand experience and extensive knowledge of both regions to portray the EU from a new angle. He has been able to concentrate in this book on aspects of the EU that are of special relevance to an Asian audience. I believe this work will be of great interest to readers within Europe, but even more so to those in regions outside Europe who are concerned about the development of their own future integration.

The experience of European integration has been a unique one. The EU does not purport to be a model for any other region. However its evolution holds lessons that may interest countries that are engaging in regional integration and wish to continue to thrive in an increasingly globalized world.

It has to be recognized that the EU is not perfect. Almost by definition, its policies and decisions cannot please everyone because they are necessarily a compromise between the interests of twenty-seven national governments and a wide range of political viewpoints.

The EU is also a very new experiment in transnational democracy. Ways have to be found to make it work better — and better again. A Union of twenty-seven cannot be run with machinery designed for a Community of six. The challenges of the twenty-first century cannot be met using methods designed for the 1950s. After much introspection and debate following the rejection of the Constitutional Treaty in 2005, the leaders of the twenty-seven member states of the EU signed the Lisbon Treaty in December 2007. It is another step in the evolution of the EU.

I feel privileged to have been able to follow the gestation of this book here in Singapore. It is appropriate that it is launched in a country that is a regional hub for so many activities, and an active proponent of integration.

Singapore and ISEAS can be proud of supporting this publication, and Dr Møller is to be congratulated for his comprehensive and imaginative opus on the EU.

*Holger Standertskjöld*  
*Ambassador and Head of Delegation*  
*Delegation of the European Commission to Singapore*

# PREFACE

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October 1992 was the fiftieth anniversary of the battle of El Alamein where the British, the Germans, and the Italians fought each other. It was also a few months after a majority of Danish voters had rejected the Treaty of Maastricht, designed as a quantum leap for the European integration. The outcome of the Danish referendum led to an abrupt stop for the ratification procedure in the House of Commons, bringing the government under John Major into severe political difficulties, casting doubts over not only the Treaty, but also the survival of the government.

As I recollect it, BBC was reporting from El Alamein where war veterans had assembled to commemorate the battle. As the camera glided over the war graves, one of the veterans offered the following comment in a low but serene voice: “If you want an argument for ratifying the Treaty of Maastricht, you find it here”.

Almost at the same time, I was deputizing<sup>1</sup> for the Minister for Foreign Affairs of Denmark at an informal ministerial meeting under British EU presidency, taking place at Brocket Hall. While sitting and pondering about which course the EU would take in the months to come after my own country had chosen to jeopardize the future of the integration, I heard one minister saying, “looking at the splendid portraits of the British noblemen having lived here I cannot help thinking that they probably spent most of their time in the low countries, commanding German and Irish troops fighting the French”.

In December 1994, I was again deputizing when the then German presidency hosted a working luncheon for the Central and Eastern European countries on their way towards full membership of the European Union. The German presidency had chosen Villa Hügel as the venue. This used to be the residence of the Krupp family, owners of Krupp Works, which for decades produced guns for, first, the imperial German army, and then, the Wehrmacht of Nazi Germany. When guests walked pass the gallery to the dining room, portraits of the Krupp family looked at them. The symbolism was clear. In this house and these rooms, where political and military leaders of the Imperial and Nazi Germany had planned weapons production to subdue Central and Eastern European countries, we were going to talk about these

countries' adherence to a union, on an equal footing with Germany — the new Germany. During the luncheon I was sitting opposite Gyula Horn, now Prime Minister of Hungary, who in 1989 as Minister for Foreign Affairs, made the decision to allow citizens of East Germany to camp in front of the embassy of the Federal Republic of Germany in Budapest — a pivotal decision that set the ball rolling towards the events in October/November 1989 when the wall separating the two Germanies was torn down.

These three events illustrate my deep and sincere feelings about the European integration. It is the only way ahead to avoid a repetition of disasters that plunged humanity into strife and conflict, to put behind us nationalism and rivalries, and to substitute conflict, confrontation, and crisis with cooperation, consensus, and compromise.

The ambition is to transfer the basic principles of legitimacy, accountability, and transparency from the national political system to an international political system.

As Sir Winston Churchill once wrote in another context, “don't argue the matter, the difficulties speak for themselves”.

So it is with international integration, which at least in the European context is no longer confined to economic questions.

It is obviously more difficult to cooperate than to rally the population behind a nationalistic course. But true statesmanship consists of securing lasting security and stability for the population, and that can only be achieved by living in peace and harmony with adjacent countries.

There are those who reject integration, wanting to pursue national economic policies. But how can nations pursue national economic policies when the world is driven by trade, investment and transfer of technology — all of them taking place internationally or globally?

History gives so many examples of how national economic policies and, indeed, nationalism has taken the world down the road to conflict and ultimately war.

At the end of the day, integration is not about economics, trade, investment, or currency rates. It is about whether we choose to live in peace or face the ugly prospect of war that modern technology will make more sinister, devastating and deadly than ever seen before.

I have never understood the reasoning of people who are against economic integration. They have the right to take this view, but I don't understand it. The whole history of mankind can be written around armed conflicts.<sup>2</sup> Isn't it high time we devote our intellectual resources to map out how to cooperate and integrate to share benefits and burdens? My uncle, who joined the

Danish resistance movement, freedom fighters, was arrested in 1944 by the Gestapo<sup>3</sup> and spent the last year of World War II in a Nazi concentration camp (Sachsenhausen). You would expect my uncle to reject integration with Germany, but he chose this view: “Economic integration is the only way to prevent things like that from happening again.”

But we should not forget the other side of the coin. Economic integration is about negotiations among member states. And they are tough ones. Concessions are not given freely; every penny is fought for and sometimes with tooth and nail. But isn't it the same in the domestic political game, where all groups manoeuvre to get their share of the gross domestic product?

Fundamentally, I see economic integration as projecting the rules-based domestic system on to the international level to let the law rule instead of letting force determine the outcome.

Therefore, I rejoiced at the opportunity so graciously offered to me by the Ministry of Foreign Affairs of Singapore and the Institute of Southeast Asian Studies to write a book about European integration.

The idea was not to deliver a European blueprint for integration, which Asia or Southeast Asia could emulate. Every integration builds upon its own and singular history, tradition, circumstances, experience, challenges, and political preferences. What Europe has done since 1950 is unique and European. What Asia hopefully will do in the years to come will be unique and Asian. If all goes well, the world may see an Asian version of economic integration.

But the European experience offers principles, instruments, and methods, which can serve as a toolbox for Asia and Southeast Asia. The experiences are available, and other areas around the world can look at what worked and what did not work, successes and failures in a European context.<sup>4</sup>

It is my hope that the book will be used to that effect. I have dedicated it to the young people of Asia, tomorrow's decision makers.

A few words about the book and myself. I am a Dane, who has served in the Royal Danish Foreign Ministry from 1968 to 2005. For twenty-six years — 1971 to 1997 — I was closely involved in the European integration. From 1989 to 1997, I was State-Secretary and thus had the privilege to participate in Danish and EU policy making to handle the unravelling of the Soviet and Russian empire; a unique opportunity bestowed upon the few by luck and circumstances. Admittedly, the book and its outlook on Europe and European integration are coloured by my background, what I have seen, what I have experienced, and how I perceived events. In that respect it is biased, but hopefully this is counterbalanced by a coherent presentation. In short, what

lies before the reader is my interpretation of the European integration as I have seen it.

The spelling of my name may pose problems for non-Danish speaking readers; therefore I frequently spell it Joergen Oerstroem Moeller, replacing the Danish ø with oe.

*Jørgen Ørstrøm Møller*

## Notes

1. Bearing the rank of State-Secretary, which broadly speaking, means a civil servant acting abroad as Deputy Foreign Minister.
2. President Charles de Gaulle of France once said, “The sword is the axis of the world and its power is absolute.”
3. Geheime Staatspolizei, the secret police of Nazi Germany.
4. The philosopher George Santayana once stated, “Those who cannot remember the past are condemned to repeat it.”



# ACKNOWLEDGEMENTS

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My first thanks should go to the Ministry of Foreign Affairs, Singapore, and in particular, Minister for Foreign Affairs, Brigadier-General (NS) George Yeo, and 2nd Permanent Secretary Bilahari Kausikan, for endorsing my fellowship at ISEAS and supporting me in many ways. When changing status from Ambassador of Denmark to Singapore to permanent resident, many hiccups emerged — some of them known, others quite unexpected — but they were smoothly sorted out, not the least, thanks to the help offered by Chief of Protocol Lim Cheng Hoe.

ISEAS is in every respect an attractive intellectual powerhouse. Over the years I have benefited from numerous conversations with its chairman Professor Wang Gungwu. The guidance by its director, Ambassador K. Kesavapany is priceless, the administration headed by Mrs Y. L. Lee runs like clockwork, and the Publications Unit under Mrs Triena Ong, is internationally recognized for its books and journals. The atmosphere is so good and friendly that people are drawn to one another to exchange ideas, discuss and offer help, suggestions, and guidance in many respects. I have so many friends at ISEAS that it is difficult to single out individual persons, but nonetheless I would like to thank former Chief of Protocol of the Ministry of Foreign Affairs and now Head of Public Affairs Unit at ISEAS, Tan Keng Jin, who first guided me when I was presenting credentials to the President of Singapore in 1997 and has since offered advice, help, and friendship, without which I might easily have been lost.

The book could not have been written without a life-long involvement in the European Union. Special thanks go to my friend over many years, Pascal Lamy, now Director-General of the World Trade Organisation (WTO), who agreed to write the Foreword. We met each other when he was Chef de Cabinet of then President of the Commission Jacques Delors. I came to admire both of them and have since maintained friendship and contact with Pascal Lamy, now serving the whole international community. Lord Kerr, Professor Helen Wallace, Professor Moravcsik, and Executive Director of ASEF Ambassador Wonil Cho offered words of endorsement that appear on the back cover of this book. I met Lord Kerr when he was John Kerr and holding more or less the same kind of job in the Foreign Office in London as I had in Copenhagen — both of us trying to keep a European policy for our

respective countries on an even keel (toiling in the same stony vineyard!). Helen Wallace and Andrew Moravcsik have written excellent books on the European Union — actually what may be termed the best ones ever written about the European Union. I have learned from them and profited from contact with them over the years. Wonil Cho has put in effort to promote Asia-Europe cooperation as Executive Director of ASEF. I am truly grateful to all of them for helping me so willingly with the Foreword and words of endorsement.

Three lifelong friends took upon themselves the tedious task of reading the whole book or substantial parts of it to offer advice, and not the least, point out mistakes and tell me what I had got wrong or forgotten. Poul Skytte Christoffersen has served as Chief of Cabinet to the Secretary-General of the Secretariat of the EU Council of Ministers, Permanent Representative of Denmark to the EU, and is now Chief of Cabinet to Denmark's member of the European Commission in charge of agriculture. He is definitely one of a handful of persons whose knowledge of how the European Union functions are second to none. Per Lachmann has, for many years, been chief legal adviser in EU law to the Danish government. Jens Thomsen was Permanent Secretary in the Ministry of Economics when the Treaty of Maastricht was negotiated and went on to become Governor of Denmark's National Bank.

I was lucky to meet Etienne Reuter who is an old hand in European affairs, having served in the cabinet of Gaston Thorn, President of the European Commission (1980–85), and later Chief of Cabinet to Jean Dondelinger, Commissioner for Luxembourg. Etienne Reuter was in Singapore for a year at the Lee Kuan Yew School for Public Policy and was kind enough to read and comment on the manuscript.

Andrew Symon read the chapter on energy, Mogens Berg, Research and Development plus Socrates programmes, Louis-François Pau, telecommunication, Henrik Toft-Jensen, the Lisbon programme and research activities. Jørgen Molde and Kaare Linde helped with specific information about legal matters, and Lars Juhl Frandsen provided assistance in putting the text together according to the rules for submitting manuscripts.

All these contributions and comments have made the book much, much better. What may remain of mistakes or misinterpretations are solely the author's responsibility.

A wise man once said, "we all stand on the shoulders of each other". It is as true as it is said. I have met so many persons working with the European Union over the years that it is impossible to mention all of them. We sat together in the Danish delegation (or we worked together in the Ministry of Foreign Affairs in Copenhagen). Or they were members of delegations from

other countries or EU institutions during acrimonious negotiations, stretching over hours and hours, putting a heavy strain on the nervous system. That explains why I still feel attached to many of them even when we have not met for many years or decades. These kinds of negotiations where you know you have to agree at the end create a special bond among the participants, never to be forgotten or erased. Sometimes I felt like I belonged to a band of brothers, striving to build a better Europe and in the end — but only in the end — willing to subordinate national interests to the objective of strengthening the integration.

We are grateful to the European Union for its financial support in publishing this book.

The European Union is a hard taskmaster. It does not leave much time for leisure and family activities. Sometimes, you feel like you are running in front of a steamroller with agendas, deadlines, meetings, need for instructions, public opinion, domestic political procedures, and much else. You may not even have time to cast a glance over your shoulder to find out whether the steamroller gets nearer, you just run!

In these circumstances you only survive with a family ready to live with this. They bear a large part of the burden even if you are not always aware of it. They may not always show it, but the strain on family life is immense. I wish to thank my wife, Thanh Kieu Møller for all her love, encouragement, and understanding — always cheering me up and helping me when I needed this — and our children Huy and Ai Vy for their forbearance.

And lastly, thanks go to my parents. They associated themselves 100 per cent with all my work for the EU. The rejection in 1992 of the Treaty of Maastricht by a majority of Danish voters affected them deeply. I can never repay the debt I owe them.

# A TECHNICAL NOTE

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When writing a book like this you can go on and on, never finishing. There are always aspects or observations you would like to include. In picking the EU's common policies, I have selected, what in my opinion, are of most interest to Asia, as reflected in the number of pages dedicated to the Single Currency, and the lesser space given to some of the EU's internal policies, judged to be of less interest to non-member countries.

The cut-off date is set at 1 January 2007. What happened before that date is, in principle, included, what happened afterwards is not.

The European Union started as “the European Coal and Steel Community”, to be gradually changed into what was called “the European Economic Community”, then “the European Community”, and from 1 November 1993, “the European Union”.<sup>1</sup> To simplify, I have chosen to use the name European Union throughout.

I have also chosen to use the name, Treaty of Maastricht, instead of the official name, Treaty on European Union, as the treaty is better known under the former, than the latter name.

One of the baffling things for an outsider trying to work his or her way into the treaty text is that the EU has worked with amendments to the treaties instead of agreeing on a consolidated text every time the treaties were changed. Trying to make cross-references between the treaty texts at various stages can be difficult. It would have been too cumbersome to make cross-references all the time, but to a large extent I have mentioned former article numbers in the notes.

## Note

1. An overview of these changes and the name of various treaties can be found at [http://europa.eu/abc/treaties/index\\_en.htm](http://europa.eu/abc/treaties/index_en.htm).

# INTRODUCTION

---

Most of us take globalization for granted. It is the only economic model we have known. The Anglo-Saxons introduced it after 1945,<sup>1</sup> shaped by the wisdom of the British, in particular John Maynard Keynes, and supported by the might of the United States of America.

Since then it has been a one-way traffic. More and more of the same. More trade liberalization, more abolishment of restrictions for capital movements, removal of barriers for services, followed by a whole string of measures designed to open the global economy.

Concurrently efforts to design and implement an international, political decision-making machine have emerged. The substance (trade, capital movements, and services) jumped from the nation state to the international level. The steering mechanism to ensure some kind of political control followed. Politicians, whether they liked it or not, have been forced to move some, and for some countries (primarily the member states of the European Union), an overwhelming part, of political control out of the national context, to be exerted at the international level. Ingenuity has characterized this process, that is, by introducing the pooling of sovereignty to be exercised in common instead of leaving it the exclusive prerogative of the nation state.

And yet this model is not the only one.

Back in the 1890s, the world saw globalization that was so strong, so manifest, so deeply rooted in nation states as well as internationally, that it was regarded as untouchable. Trade was basically free and so were capital movements. The rich and well-established industrial countries such as the United Kingdom invested heavily abroad and stood as the undisputed creditors, sponsoring industry and infrastructure all over the globe. There was an international currency — gold and/or Pound sterling; it had the same validity. War or conflict among the major powers was regarded as impossible, an affront to humanity, incompatible with an enlightened humanity.

Just thirty years later — half a lifetime — the world went through a mass slaughter that ripped the mask off what was supposed to be humanity and civilization. A decade after World War I, the whole world, under the leadership of the very nation states that labelled themselves the standard bearers of globalization, plunged into the Great Depression that was dominated by contraction, falling trade, trade restrictions, and the virtual removal of

international capital movements. Between January 1930 and February 1933 global trade fell every month, for 49 consecutive months — from US\$2,998,000,000 to US\$992,000,000.<sup>2</sup>

The scene was set for a new mass slaughter. This time ugly dictatorships with genocide on their published political agenda challenged civilized nation states proud of their democracy and ready to defend it. It started in 1939 with World War II, even if it had already been underway in the 1930s, with the Japanese military aggression against China, the Spanish Civil War, and the Italian annexation of Ethiopia as omens of what the world was going to suffer.

We can, if we wish, take comfort in the belief that the present version of globalization is different — not exposed to the dangers, risks, and pitfalls that brought earlier types of globalization down. Wishful thinking!

The world faces the challenge of securing globalization as the model delivering the highest economic growth, and even more importantly, the model forcing nation states to work together, instead of contemplating confrontation, conflict, and ultimately, wars.

As history so unequivocally demonstrates, peace and cooperation do not come by themselves. We have to strive for such a world order, to convince populations that it is the better one, to respond to all kinds of demagogues marketing egoistic theories, to mobilize politicians and business leaders to conserve and improve the model.

Globalization is definitely the model producing the highest economic growth compared with the alternatives, but it has two snags.

First, available statistics show that production, income, and wealth are increasing, but more and more unevenly distributed. Internationally the gap between the richer nation states and the poorer ones is widening. Inside nation states, primarily the ones most devoted to globalization, such as the United States and China, the inequitable distribution of the fruit of globalization becomes more and more visible. Indeed the Chinese government has recently made it one of its most important political objectives to achieve a more equitable distribution of income and wealth.<sup>3</sup>

Politically this triggers the basic question of whether the majority of the population can and will continue to support a model not really favouring them. Traditional welfare economics states that a policy increases welfare if those who are better off can compensate those who are worse off and still reap a benefit. If — what seems more and more likely — globalization works in a way that those better off keep the benefits for themselves, a whole string of political, economic, and ethical questions arises that need answering. Those not benefiting from it cannot be counted on to support the model and we risk moving towards dichotomized societies.

Second, layers of populations in nation states start to diverge instead of converging towards some kind of common understanding — a common denominator — of values for the societies they live in. The elite become globalized and communicate increasingly with the elite in other nation states, disregarding the need for communicating with the population inside their own nation state. The majority of the population therefore risks being left aside or outside by the strong drive towards globalization, and moves instead towards a more nationalistic or secluded stance, rejecting or questioning some of the advantages and benefits of globalization.

As long as globalization delivers high growth, wealth, and increasing welfare, people do not question whether they need to sacrifice some of their identity to participate in globalization. The equation provides a satisfactory solution. They realize that they cannot remain within the national shell. But when economic growth falters or splutters and economic and tangible advantages disappear or become minimal, a part of the population starts to ask the basic question of whether they are willing to sideline part of their traditional lifestyle, and let us call it, self-determination. There is probably some kind of threshold whereby the majority of the people would accept globalization and push the preservation of their traditional lifestyle (identity) downwards on the list of priorities.

The main threat to globalization occurs when the downgrading of national identity, traditional lifestyle, and self-determination is accompanied by a tumble of economic growth that had hitherto been producing a higher living standard. If this happens, an increasing number of the population may find it worthwhile to look at another model. This is why it is not the only model, why it is not uncontested, and why we cannot take for granted that globalization will continue without political and economic efforts to promote it.

Globalization or internationalization is about economics, logistics, transport, and communication. It is primarily, almost exclusively, an economic concept. It touches the daily life of almost all citizens, but only the part of their daily life driven by economic considerations.

Our mindset, our mentality, is still very much controlled by concepts of nationality, ethnicity and religion, or other factors not necessarily running against globalization, but strictly speaking, not part of globalization either, and as far as many are concerned, questioning globalization.

The idea of a monoculture has been floated and discussed widely for many years. As a rule of thumb we can divide culture into three broad categories.

Work culture is globalized to a certain degree in the sense that the large and powerful multinational companies put their mark on the way people live

and work at the workplace. Notions such as corporate culture, corporate social responsibility, corporate citizenship, corporate compliance, and corporate governance become more and more globalized and uniform; many of them are shaped by what has emerged in the United States.

The culture of leisure has moved in the same direction and is perceived to refer to what people do to relax, how they organize their leisure, their holidays, and other activities in this vein. Today's global audio-visual culture has become the dominant driving factor behind what a large part of the global population chooses as leisure and entertainment.

Basic culture, however, which moulds how most people relate to their families, their friends, and other human beings — who they marry, how they bring up their children, how much weight they place on religion, broadly speaking, how they distinguish between good and bad — is still firmly rooted in the national, regional, or local framework.

We can talk about globalization and internationalization as notions reflecting economic decisions. We cannot however, speak about internationalism as a notion disclosing that an overwhelming part of the global population thinks and acts like they were living inside the same cultural framework, providing the same answers to basic questions of what is good and bad, and how to relate to other people.

One of the most sensitive issues for nation states all over the globe is whether minorities, be they ethnic, religion, or language based, feel comfortable or not inside the nation states. Professor Huntington's book<sup>4</sup> "The Clash of Civilizations and the Remaking of World Order" was correct in pointing to the increasing importance of culture, religion, and ethnicity for the global political and economic game, but wrong in classifying and looking at it as a conflict between civilizations. Instead, it is a potential conflict between various groups taking place inside nation states. In an article in 2007, I have discussed and analysed how the minorities inside traditional European societies and Muslim societies living in Europe try to dominate the debate about Islam and Muslims who have immigrated to Europe. My conclusion is that extremists have monopolized the debate to the detriment of the large majority. The problem is not Europe versus the Arab World, Christians versus Muslims, but minorities inside the two camps versus the majority actually wanting to be left in peace to manage their daily lives.<sup>5</sup>

And this is where the question of economic integration enters the picture.

When the history of European integration is written many years from now, I am convinced that historians will say many good things about how the Europeans integrated and overcame obvious difficulties and obstacles. But I guess that the main and lasting political legacy will be how Europe solved the



potential conflicts inside almost all nation states between dominant majority and subdued minority groups.

In the aftermath of World War II, a looming conflict of this kind could be detected in most Western European nation states. After the downfall of the Soviet and Russian empire in 1990 most observers took the view that Central and Eastern Europe would explode in conflicts and confrontations, ripping apart the more or less artificial nation states, and opening the floodgate to some kind of ugly scenarios.

Most people have forgotten — conveniently so — that the old and well-established European nation states such as the United Kingdom, France, Germany, Spain, and Italy are far from homogeneous entities. Instead a majority has exercised some kind of cultural yoke for centuries over minorities — cultural imperialism inside a nation state. In the United Kingdom we find the Scots and the Welsh, in France the Bretons, in Germany, the various *Länder*, in Spain, the Catalans and the Basques, and in Italy, Lombardy, just to mention a few.

What the European Union offers and what has materialized in practice is a model that we may call “Economic Internationalization and Cultural Decentralization”.<sup>6</sup> The European Union provides the vehicle for the minorities to maintain their own culture, while at the same time joining the international division of labour.

The same has happened with Central and Eastern Europe. The prospect of membership in the European Union forced upon their governments a policy of respect for the cultures of the minorities, thus avoiding what might have broken up nation states or forced a redrawing of borders in Central and Eastern Europe.

The European Union or economic integration as introduced by the Europeans in 1950 reconciled two essential and hitherto contradictory political and economic objectives: participation of the whole nation state in the international division of labour and preservation of cultural identity for the peoples inside the nation state belonging to different cultural groups. The minorities were no longer forced to choose between these two objectives. Europe was spared a drive for greater autonomy or even a demand for outright independence that was certain to trigger a clash between the nation states and the minorities.<sup>7</sup>

Economic integration moved the decision centre for access to the international economy from the national capital to an international — European — institution, established to mastermind economic integration. Take France as an example: the French national government ceded some instruments, some of its powers for regulating French participation in the

international economy, to the European Economic Community. The minorities and the regions inside France saw their links to the capital weaken and gradually realized that power had moved to the European Economic Community (EEC). The EEC did not impose the same political and/or cultural conditions on the regions or local political entities, as the French government had done.

The fundamental lessons from the interplay between European integration and globalization are:

First, European economic integration was vital in creating and maintaining the conditions for strong, vibrant, and sustainable growth in Europe over a number of years. It thus established the springboard from which Europe launched its participation in economic globalization. Europe as a whole and the individual member states became stronger and more confident in their abilities to participate in the global competitive game. To a certain extent it became the training ground for Europe to jump from autarchy to regional economic internationalization to economic globalization.

Second, European integration fended off a potential clash between majority groups and minorities inside nation states first in Western Europe, and later, in Central and Eastern Europe. It opened the door for simultaneous participation in the international division of labour and the preservation of regional and/or local identities for minorities inside the nation states.

In summary: European integration secured a new role for European nation states after the carnage during the two World Wars, the Depression in the 1930s, and the immediate post-World War II period. The European nation states were still players in economic internationalization, but as partners in European integration, which could serve as the established framework for heterogeneous ethnic and religious entities, albeit in a much weakened role.

The calamities in the first half of the twentieth century explain why this could take place and expose three essential factors behind European integration and the European nation states:

The first factor was that the special model of European integration, based on the pooling of sovereignty of the various nation states in an international institution (to be The European Union in due course), could only take place because the nation states had failed in the eyes of their citizens to provide human security, peace, stability, and economic progress.

Two World Wars had led to catastrophic loss of lives, falling living standards for a long period, unstable democracies, and worst of all, totalitarian regimes persecuting a part of the nation states' citizens, leaving many others in fear.

The second one was that the political systems in the European nation states had lost their legitimacy vis-à-vis their citizens. The ground was propitious

for putting forward an alternative, another institution, not disfigured and tainted by the past. The Europeans were ready, maybe even eager, to throw in their lot with something else other than the nation states that had abused their loyalty.

These two factors taken together constitute a third factor explaining not only the start of European integration, but also the background for opposing views on the integration process among various member states.

The various populations in the nation states having suffered, or worse, been on the losing side, and in some cases, seduced by regimes aiming to wipe out centuries of the culture of civilization, were eager to shift their loyalty to an international institution. The people of Germany, having lost two wars, hard hit by the Depression and having lived through the Nazi regime, looked for a way to re-enter the European political scene. Italy was more or less in the same boat. France, The Netherlands, Belgium, and Luxembourg had suffered much, seen their nation states dissolve, and were shamed by their collaborators during the Nazi occupation. In all six nation states — founding fathers of European integration — the populations did not trust the discredited nation states and the national political systems.

This picture was found neither in the United Kingdom,<sup>8</sup> which had won two World Wars, nor in a number of smaller European nation states, which had managed to stand outside one or both wars, or at least, not suffered anything comparable to the six nation states mentioned above.

The populations in these nation states looked with confidence to their governments to provide stability, security, and economic progress. They did not see much reason for pooling the sovereignty of their nation states in an international institution. Their reason for joining at a later stage was determined more by the inevitability than an actual desire to be part of a new European construction.

This dichotomy still exists and is key to the attitude vis-à-vis European integration, with the six founding fathers pushing for integration, while most of the other nation states are more reluctant.

It is worthwhile to reflect that while the founding of the European Union among the original six was based upon the loss of legitimacy of the nation state and its institutions, the trust in the nation state in the United Kingdom and Denmark constituted a barrier for these two nation states in their endeavours to join “the heart of Europe”.

The governments of the United Kingdom and Denmark argued strongly, with support from a majority (in Denmark almost 80 per cent) in their national parliaments, for approval of the path-breaking Treaty of Maastricht in 1992. This was reinforced by overwhelming support from the elite (business and academic) in both nation states. Nevertheless, in the Danish referendum,

a small majority of the electorate casts their vote against it, while the British government had to acquiesce with an agonizing and long, drawn out debate in the United Kingdom before ratification was achieved.

It is thought provoking to recall that a part, and probably a majority, of the population in these two nation states had greater faith in the institutions, sovereignty in whichever term this is defined, and the strength of their nation state, than in the political system and the political leaders they had elected. The political leaders tried very hard to convince the population that ratifying the Treaty of Maastricht would be good for the country, would cement social welfare, and lead to higher growth and employment. Despite this, a majority of the population chose to believe that it would lead to the opposite. They felt secure inside the national cocoon and apparently preferred to trust in the political leaders' ability to manage the well-being of the nation state within a national framework, even if the same political leaders repeatedly stated that this could best be done outside the national framework and within a stronger European integration.

It may not necessarily be the case in other geographical areas, but in Europe, the attitude towards economic integration flowed from the credibility of the nation state and its institutions in the eyes of the population, rather than the position taken by the political leadership. The citizens formed their own opinion on whether the nation state or the European integration would be best placed to take care of them. And the foundation for making this judgement was the historical scoreboard of the nation state and the strength of its institutions.

Externally, all of Western Europe, including even the United Kingdom as one of the victors, emerged after World War II under threat from the Soviet Union and the socialist/communist ideology. We know today that the Soviet Union, after four years of merciless war with Nazi Germany, was totally exhausted in 1945, but it did not look this way in the immediate postwar period. On the contrary, the Soviet Union had appeared almost almighty, having in its possession an enormous war machine under competent military commanders who had proven themselves during the war, and a ruthless political leader and supreme commander in Joseph Stalin. Furthermore the Soviet Union offered a way ahead for weary Western Europeans: Socialism or Communism. As was the case a couple of years later for the initiative leading to European integration, socialism/communism played on the European nation state's loss of credibility vis-à-vis its citizens. Interestingly enough, it too offered an international model advocating the replacing of the national identity with adherence to an international ideology.

This constituted a double threat. A traditional one in the form of the Soviet Union's ambitions to extend its empire — almost a Russian empire — into Western Europe, and a new one, dangling the idea of an ideological empire before the Western Europeans that emphasized its potential virtues.

The threat was quickly perceived by politicians in Western Europe, and even more importantly, by the political leaders in the United States. The conclusion reached was fast and unanimous: Western Europe had to be launched on an economic growth pattern diminishing the lure of socialism/communism and demonstrating that traditional European political philosophies and parties were able to deliver what socialism/communism promised.

The method chosen was a combination of domestic policies, financial assistance from the United States in the form of the Marshall Aid,<sup>9</sup> and steps towards trade liberalization in Western Europe.

The U.S. engagement was the flywheel without which Western Europe would probably have glided into some kind of disorder.<sup>10</sup> The Americans conditioned financial assistance to trade liberalization between the Western European countries, pushing them hard and fast towards this course.

The crucial observation to make here is that the United States supported the idea of Western European nation states working together; not only that, it insisted on such a political course, exercising immense pressure on the Europeans.

This policy turned gradually into American support for Western European integration as it emerged during the 1950s. It may be too soon to make a final judgement, but it seems highly unlikely that integration would have succeeded without the American stance of seeing Western Europe as a partner, albeit not one on totally equal terms, even if that was frequently the essence of political statements.

Geopolitically one item loomed above all others: yes or no to German<sup>11</sup> rearmament. Today this question may seem strange, but five to ten years after the end of World War II, it was, simply speaking, the all-important question.

For obvious reasons, Germany found it difficult to take a stance. Many of the European nation states having been occupied by Nazi Germany, were appalled by the idea of German soldiers, and resisted vigorously any idea pointing towards a German army.

Again the U.S. attitude was decisive. For the United States, the revitalization of Western Europe had many virtues and only a few drawbacks. Even the powerful U.S. economy found the burden of shouldering the military build-up to counteract the Soviet threat a heavy, maybe too heavy,

one — at least the American taxpayer choosing whom to send to Congress and elect as President was afraid to take that position. Hence the United States turned up the heat on the Western Europeans and insisted on the rearmament of Germany, leaving the Western Europeans no choice, except the choice of how to do this.

The Western Europeans could choose between seeing Germany rearm with American support, in the traditional concert of European nation states playing to the tune of rivalry and mutual suspicion; or they could invent a new political vehicle allowing German rearmament under some kind of European control. They chose the second alternative.

The geopolitical environment thus pushed the Europeans towards the same course as their own deliberations have led them to conclude — integration.

It is interesting to note that at the next stage of European integration in 1990–1992, with the Treaty of Maastricht introducing European Economic and Monetary Union, a Common Foreign — and Security Policy, and Justice and Home Affairs, Germany was again the flywheel, this time with the German reunification.

This short introduction explains why European integration started, the diverging attitudes to the integration by different European nation states, and the geo-political environment. European integration was born out of four exceptional circumstances.

Economic globalization had shown that the traditional European nation state was too weak or too small to safeguard its economic interests on the international scene.

The minorities inside the European nation states sensed the growing impotence of the nation states and wished to exploit this window of opportunity to loosen the grip of the centralized government.

The nation state's loss of legitimacy in the eyes of its population in the six founding countries of integration removed its grip on the loyalty of its citizens.

The Cold War setting and the impotence of the Europeans to control their own destiny when confronted with two superpowers: the United States and the Soviet Union.

These special circumstances are worth bearing in mind when analysing the development of the integration with an eye to whether it has valuable lessons for other parts of the world.

The European construction as such can hardly be copied. Circumstances, history, experience, politics, ethnic and religious conditions are different and call for tailor-made blueprints.

But the European integration produced some principles and mechanisms — a toolbox — illustrating how integration works, how to do things, how to make an integration function as smoothly as possible. It is a story of successes and failures, each one revealing secrets.

The experience of the European integration comes in when other regions around the world try to square their circle of participating in the global economy, solve the problems of majority groups versus minorities inside nation states, and strike the right balance between nation state and international institutions responsible for human security, stability, and economic progress in the eyes of the population.

A French think tank — Notre Europe<sup>12</sup> — published in 2005 a report on Asian integration, produced by a person with inside knowledge of the European integration and illustrating the value of the European experience in integration.<sup>13</sup>

## Notes

1. The system is generally called the Bretton Woods system, after a hotel in New Hampshire where a conference was held in July 1944 with the participation of 44 Allied Nations to sketch a postwar economic system built around three institutions: The International Monetary Fund (IMF), The World Bank (WB) or International Bank for Reconstruction and Development (IBRD), and the International Trade Organization (ITO), which was replaced by the General Agreement on Tariffs and Trade (GATT).
2. Charles Kindleberger, *The World in Depression 1929–1933* (Berkeley, 1986).
3. See for example, Premier Wen Jiabao's speech to the National People's Congress, 5 March 2007, available at [http://news.xinhuanet.com/english/2007-03/05/content\\_5800547.htm](http://news.xinhuanet.com/english/2007-03/05/content_5800547.htm).
4. Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).
5. Joergen Oerstroem, Moeller, "The Prophet Muhammad Cartoon Episode and Implications for Europe-Muslim Relations: A Danish Perspective", Chapter Nine, in *Religious Pluralism in Democratic Societies*, edited by Nathan, K. S. (Singapore, 2007).
6. Jørgen Ørstrøm Møller, *The Future European Model: Economic Internationalisation and Cultural Decentralisation* (Westport: Greenwood Publishing House, 1995).
7. Suffice to recall the Basque conflict in Spain and Northern Ireland in the United Kingdom.
8. Prime Minister Harold MacMillan is reported to have said that the United Kingdom did not want to join what was the so-called "The Six" as it was composed of "six nations, four of whom we had to rescue from the other two".
9. See for example, [http://en.wikipedia.org/wiki/Marshall\\_Plan](http://en.wikipedia.org/wiki/Marshall_Plan).

10. The comparison is sometimes made of the U.S. support to Western Europe in the immediate postwar period and the EU's support of Central and Eastern Europe in the 1990s. The comparison is not totally correct. It nevertheless focuses on the essential point of support from outside by nation states offering economic assistance, trade, and political support.
11. Strictly speaking, Western Germany or the Federal Republic of Germany with Eastern Germany or the German Democratic Republic belonging to the Soviet empire.
12. <http://www.notreeurope.com/>.
13. The exact reference can be found in the bibliography.