Why Europe matters

A personal view

Ralf Dahrendorf

ABOUT THE AUTHOR

Having been a member of the German parliament and then state secretary in the German foreign ministry, **Ralf Dahrendorf** became a European commissioner in 1970. He moved to Britain in 1974, becoming director of the London School of Economics. Since 1986 he has been Warden of St Antony's College, Oxford. Appointed a Liberal Democrat peer in 1993, Lord Dahrendorf chaired a commission on "Wealth Creation and Social Cohesion in a Free Society", which reported in 1995.

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Britain in Europe: a personal foreword

In 1995, when the idea of a Centre for European Reform was first mooted, the debate about the future of Europe was already more lively in Britain than in the rest of the Union. Even in the measured and civilised exchanges of the House of Lords, hardly a week went by without some strong language about fraud in Brussels, sinister plans by France and Germany, or the lack of accountability in all corners of the European Union. However, few if any of these vocal critics doubted that Britain had to be inside, promoting reform from the heart of Europe. Within a year, this has changed, at least for some of the siren voices. Many of those who doubted the motives of other countries now treat them with downright hostility. Claims that Britain benefits from EU membership are answered by counterclaims pointing to the country's wider role in world trade and world politics. The question of "ins" and "outs" has shifted from monetary union to the European Union itself.

It is therefore time to take a stand. This sounds dramatic; yet it is not a matter of heroic realism, rather of persuasive argument. The Centre for European Reform can lead the way. Here I want to make the case in terms which are both personal and general.

I grew up in Germany after the war, coming from a political family involved in anti-Nazi resistance. My father had been a part of the July 20th 1944 plot to overthrow Hitler's regime, and was fortunate to have survived camp and prison. As a 15-year-old, I spent the winter of 1944-45 in a camp as well. After the war, in the British zone of occupation, the country beyond the Channel became a reality of rapidly growing importance. The discovery of "the West" was the discovery of Britain. Time spent in the United States, and in the then French-dominated Saarland, did not change my sense of a Europe of Western values in which Britain and its unique tradition played a crucial part.

When the negotiations about Britain's entry into the European Communities began at last—as a consequence of the Hague Summit of the "old six", the founder members of the European Economic Community, in December 1969—I was first a member of Willy Brandt's government and then, from July 1970, a commissioner in Brussels. My responsibility for foreign trade and external relations left me in no doubt about the world-wide repercussions of Britain's entry and about the difficult decisions British governments would have to face. But with many others I shared the delight in the success of the negotiations—not primarily because of any tangible advantages to anyone but because of a strong sense that European construction is incomplete without Britain.

Why should that be so? From the perspective of Britain's continental friends, two contributions were most eagerly awaited. One was democracy. The democratic deficit has long been one of the major shortcomings of European integration. Only the Dutch had systematically tried to remedy it. Now we were hoping that Britain would bring to bear its tradition of democratic accountability on the bureaucratic institutions of Monnet's Europe. The other expectation concerned attitudes to the outside world. Britain knew that the boundaries of Europe do not define the limits of Europe's interest. It could therefore provide a welcome antidote to the inward-looking protectionist instincts of some other member-states.

High hopes, of course, are never fully satisfied, though Britain has in fact made a difference in both respects. Yet now that I have made this country my home, I also understand the reservations which have accompanied Britain's European journey. They have to do with sovereignty and accountability; they have to do with war and peace and the Atlantic relationship; they have to do with the traditions of a country which (unlike Germany) does not share borders with nine others.

Perhaps I should add that I also understand the need for European reform even better than before. However, in that respect I was British before I became British. In July 1971 I became the first commissioner to provoke a motion of no confidence from the (then indirectly elected) European Parliament. The reason was a series of articles in which I had—pseudonymously, as "Wieland Europa"—criticised the European Communities for their lack of accountability, for mistaken policies like the

Common Agricultural Policy, and for an insupportable discrepancy between rhetoric and reality. I was a little ashamed of myself when I had to be rescued by some of my notable colleagues like Raymond Barre and Sicco Mansholt. But to the present day I believe that the gap between rhetoric and reality has to be closed if Europe is ever going to command the support of the citizens of its member states.

However, even as "Wieland Europa", I had no doubt about the need for the EEC to marshal the common interests of the member-states and to move them forward together. To which ultimate goal? In my view, Andrew Shonfield put it well in the title of his 1972 Reith Lectures: *Europe—Journey to an Unknown Destination*. All that federal and confederal, supra- and international verbiage is misleading and unhelpful when it comes to taking the next steps; where these steps ultimately lead is a question for philosophers of history rather than politicians and political analysts.

The case for Britain in Europe is certainly in part economic. Larger markets stimulate trade. A single market removes obstacles to economic activity. The process of creating such a market attracts investment. Even if one is cautious about the huge statistical benefits claimed for the single market, its opportunities clearly exceed those of any national economic space. Moreover, it is cold outside a single market. For an inveterate free trader this is not a happy conclusion but it is a fact, as the eagerness of most eligible countries to join demonstrates.

The case for Britain in Europe is, however, not merely economic. Even the original EEC saw an "ever closer union" as a desirable objective. This has been defined and redefined many times, which is as it should be on the journey to an unknown destination. The pursuit of common interests requires institutions to identify them and to implement agreed projects. Arguably, the most important common interests of the members of a European union are the implicit ones which have to do with defending democracy and the rule of law. Britain fought the second world war for these values, and it was victorious. It must surely be in the British interest to be part of a venture designed to prevent a repetition of the unhappy past.

The case for Britain in Europe does not invalidate the nation-state. In my view, the nation-state is here to stay despite the pushes of globalisation

and the pulls of decentralisation. The heterogeneous nation-state, which offers common citizenship rights to diverse groups, is one of the great achievements of civilisation, and worth preserving. But nations need to co-operate with others in order to meet the aspirations of their citizens. There have been times when such co-operation could have been achieved by a network of bilateral relationships. The appropriate method today is clearly that of multilateralism. For the resolution of conflict by negotiation, and for engendering a habit of peaceful co-operation, the European Union is seen by many as a model. And Britain must be part of that model.

The case for Britain in Europe takes us straight back to the gap between rhetoric and reality. All too often, today's European Union forces its supporters to apologise for its strange ways: towards democrats for its bureaucratic opaqueness, towards free traders for its protectionism, towards applicants for membership for its apparent lack of a sense of urgency, and towards trading partners elsewhere, notably in the poorer parts of the world, for its crude and at times destructive pursuit of self-interest. If such apologies continue to be necessary, support will wane and eventually vanish. European reform is imperative if the European Union is to survive.

The Centre for European Reform has been set up to focus on ways of improving the Union. Britain, because of the raucous tone of its debate on Europe, is poorly placed to initiate reforms. This can and must change. One condition for restoring Britain's influence is that it must be unambiguously committed to remaining within the Union. Another condition lies in the right combination of persistence and patience: on the one hand, not abandoning a sense of direction, and on the other, not expecting to win every argument. The most important condition is to come up with relevant ideas which attract support all over Europe. In an attempt to contribute to this objective, I have set out ten principles for European reform in this short pamphlet.

Ten principles for European renewal

1 ★ Europe matters, and Britain's place is firmly in Europe

Europe matters whether it is organised or not, and its significance is not confined to the ability of its countries to express common views. However, the organisation of such common views also matters, for at least the following reasons:

★ the desire to overcome centuries of wars between European countries, and above all the ravages of the "second thirty years' war" of 1914 to 1945, by creating an area for co-operation and for the peaceful settlement of disputes;

★ the need for the nation-states of Europe to make their common interests heard in a world of superpowers and trading blocs, and to add to their weight by pooling some of their resources;

★ the belief that elements of a specifically European cultural tradition can contribute to solving social, economic and political problems in a spirit of liberty and social inclusion;

★ the hope that, by setting an example of how to transcend national boundaries through effective co-operation, Europe can show the way towards the eventual creation of a world community of law.

The differing experiences of the countries of Europe mean that they do not all share these aspirations with equal intensity. Britain certainly has unique traditions and preferences in a number of respects: an understanding of sovereignty which is parliamentary and democratic rather than merely national, an economic and social culture which gives less prominence to the state than most continental countries, ties to North America and to the Commonwealth which remain especially close, and

an ingrained internationalism which militates against any notion of regional blocs let alone some European superstate. However, while such traditions temper Britain's sense of European destiny, they do not detract from the need to define its place as firmly within Europe. Most Britons, as well as their elected representatives, realise that Britain's wellbeing depends on close relations with its European neighbours.

2 ★ Among the institutions expressing the common interests of European countries and peoples, the European Union is crucial

After the second world war, the longstanding if nebulous movement in favour of organised European co-operation began to achieve its first results. Many of the early post-war leaders—Winston Churchill, Robert Schuman, Paul-Henri Spaak, Alcide de Gasperi and Konrad Adenauer, among others—called for institutions to express the common interests of a Europe of peace and co-operation. Some of the resulting creations have gained an important if limited place in European reality; the Council of Europe as the guardian of the Convention of Human Rights is one, the Western European Union as a security alliance another. Other projects, like the European Defence Community, and the European Political Union before it, never got off the ground. However, with the creation of the European Coal and Steel Community in 1951, a process began which continued through to the European Atomic Energy Community (Euratom) and to the European Economic Community (EEC) in 1957, and led on to the merger of the three into the European Communities (1969) and their further development into the European Union (1993). This process has kept up a momentum, making it central to all debates on European co-operation.

It is sometimes argued that economic co-operation will of necessity lead to political integration at the end of the day. In Britain, both proponents and opponents of the European project take this view. I believe, on the contrary, that economic integration is bound to reach limits beyond which only explicitly political decisions can advance the European project. Economic and monetary union (EMU) may well define these limits. Moreover, some of the methods chosen for economic integration seem increasingly counter-productive in political terms. This is certainly the case with the Common Agricultural Policy.

Having said this, there remains the reality of the European Union which has at least these characteristics:

★ It has created a set of institutions for taking supranational decisions in limited and carefully circumscribed policy areas.

★ Through these institutions it has involved the political representatives—and indeed the wider political classes—of European countries in regular and close co-operation.

★ It has developed mechanisms for settling disputes which make unilateral action—to say nothing of violent reaction—unnecessary and increasingly unlikely.

★ It has fostered a habit of co-operation which provides a method for dealing with problems even when unanimity cannot be achieved.

★ It has created a single market—as yet incomplete—which has become a stark and generally beneficial fact of economic life for all members.

★ It has maintained an internal momentum and an attractiveness to potential members as well as to partners all over the world which cannot be ignored.

It is easy—and necessary—to be critical of the much-vaunted *acquis communautaire*, the set of institutions, laws and policies that the European Union has developed over the years. The gap between the aspirations of "Europe" and the realities of "Brussels" is wide and seems at times unbridgeable. The realities of Brussels leave much to be desired in terms of probity, accountability and sheer good sense. Yet the European Union is the only game "in town", that is in the part of the world called Europe, and therefore the starting point for all attempts to advance the European project.

3 ★ Europe is more than a free-trade area: the single market is an indispensable but not a sufficient condition of the European Union

Many have tried to define the European project though no one has yet succeeded in providing a generally persuasive definition. Free trade throughout the EU area is certainly one objective, and not to be dismissed lightly. It is important, and hard to achieve; it requires more than the dismantling of trade barriers, as the North Atlantic Free Trade Association (NAFTA)—which includes a machinery for settling disputes—shows. In any case, the European Union has already advanced beyond that point, towards a single market involving the removal of many non-tariff barriers.

All this is important but it has never been the whole of the European project. Even the Treaty of Rome on which the EU is based refers in its preamble to the firm intention of the contracting parties to create "an ever closer union of the peoples of Europe". It is this intention, reiterated time and again up to and beyond the Treaty of Maastricht, which has given rise to all the ambiguities, and the open and hidden conflicts about the European project. For some, the "ever closer union" was the promise of a federalist Europe, even a United States of Europe; for others, it was a union of common interests and objectives which could in principle be achieved by intergovernmental co-operation—a "*Europe des patries*". Increasingly, governments, political parties and peoples have looked for something in between for which there is no familiar name, Europe as a union *sui generis*. This is easier to describe in terms of principles than of institutions. There is much to be said for the approach of Timothy Garton Ash, who wrote, following an analysis of the danger that post-Cold War Europe could fall back into its bad old bellicose ways:

> *This return is not inevitable. The best chance of avoiding it, however, lies neither in the desperate dash for something called 'unity' amidst a small group of states, through the breathtaking gamble of monetary union, nor in a falling-back to a Europe of nation states, de Gaulle's* Europe des patries, *plus something little more than a free-trade zone. Between the extremes of teleological Euro-idealism and*

chauvinistic Euro-scepticism, there is a middle course of realistic Europeanism.[1]

[1] *"Back into Europe" by Timothy Garton Ash, Prospect, June 1996*

In institutional terms, such Euro-realism is likely to involve an untidy but effective combination of a core of (for the most part single-market related) policy decisions within the framework of the Treaty of Rome, a range of common actions by some though not all members of the European Union, a dense network of intergovernmental co-operation, and throughout (to quote Garton Ash again), the advancement of "those habits of permanent, institutionalised co-operation and compromise which ensure that conflicts of interest which exist, and will continue to exist, between the member-states and nations are never resolved by force". Some call this "flexible integration"; other speak of the values of "hybrid institutions"; one day, this Euro-realist vision may simply be called the European model.

4 ★ A necessarily partial monetary union must not disrupt the progress of European co-operation in other respects

Since the Treaty of Maastricht, the European debate has been dominated by EMU, the plan for a single currency to be completed by 2002. Monetary union is a big objective with both economic and political ramifications. Those who regard it as merely the completion of the single market underestimate both the implications of EMU and the intentions of its proponents. From the earliest days of the EEC, EMU has been seen as the bridge from an economic to a political union—a political union, to be sure, achieved through the back door rather than by explicit decisions. This is the core of the "functionalist" approach to European integration.

Realistic Europeanism is by definition not functionalist. There are no tricks for by-passing political—and that means, democratic—decisions, and there are no signs that the citizens of the countries of Europe, or their representatives, want a United States of Europe.

But EMU has two other serious and unfortunate consequences. One is that it is now clear that not all members of the present European Union will be able and/or willing to join at the outset, to say nothing of future members to the east and the south. Monetary union, if it happens, will be a partial monetary union. There will be "ins" and "outs". Some "outs" may see themselves as "pre-ins", and there may be attempts to facilitate their accession at a later date. Even so, EMU will not contribute to further unity even among the present members of the EU. It is divisive in the name of unity, and it therefore raises important questions.

The Report by the House of Lords Select Committee, "An EMU of 'Ins' and 'Outs'", has pointed out that there is no theoretical reason why a partial EMU should detract from the single market, or for that matter from enlargement. In practice, however, a "hard core" of EMU members will in all probability become a new decision-making centre. It is therefore a matter of very great importance that everyone understands that a partial EMU is in fact not a *European* monetary union, and that the European project itself—which includes all members of the EU and is open to those who want to come in—needs its own strong and effective institutions.

Another point underlines this conclusion. Preparations for EMU have, not surprisingly, absorbed a great deal of the time and energy of governments, central banks, businesses and financial institutions. Such concentration on one subject has distracted attention from other, arguably more serious issues. It is doubtful whether EMU will contribute significantly to the competitiveness of European business. It is widely accepted that EMU will not help combat unemployment; indeed it can be argued that the Maastricht treaty's requirement for economic convergence will have deflationary effects. Some observers, notably in North America, wonder how Europe can afford to spend so much time on a somewhat artificial issue when there are serious real issues to deal with.

For these reasons, it is a matter of considerable importance to advance the European project above, beyond and alongside EMU, indeed whether EMU happens or not. One of the purposes of this pamphlet is to map the outlines of a Europe which does not depend on some of its members linking in a single currency.

5 ★ Europe has a special contribution to make towards achieving economic competitiveness, without damaging social cohesion or political liberty

The key problem which the countries of Europe—and perhaps all countries—have to face is how to achieve, at the same time, wealth creation in a harsh global climate, the inclusion and cohesion of all citizens in lively communities, and the maintenance of democracy and the rule of law. In more familiar terminology, the white paper of the European Commission published under the aegis of its then president, Jacques Delors, analysed Europe's failure to achieve "Growth, Competitiveness, Employment".[2] Certainly, unemployment is the single most worrying symptom of the inability of many countries to come to terms with changed circumstances.

[2] *"Growth, Competitiveness, Employment", European Commission, 1993*

Many may have overlooked the fact that the Delors white paper did not assign to the European Union, let alone to the commission, a central role in the battle for competitiveness and employment. Europe can help, but the task remains essentially one for national and local governments and for employers at all levels. Some member-states (notably Sweden) and Delors' successor, Jacques Santer, have understandably tried to put employment firmly on the European agenda. But it remains true that differences in unemployment rates between countries are no accident, and that it is hard to see how common European policies could reduce the severity of the problem.

However one issue which is increasingly coming to the fore is the debate about the "social chapter" of the Maastricht Treaty. In substance, this debate is largely symbolic; whether Britain opts in or out of this chapter will neither cost nor create jobs. Transnational companies know better than governments what the social chapter means and what it does not mean. It could even be argued that opting out gives the wrong signal to employees and to Britain's European partners without giving any effective signal at all to employers.

But underneath the symbolic debate there is a real issue which has to do with the notion of a social market economy. Most European countries are

not only unlikely to go down the American route of "pure capitalism" (if indeed that is the American route) but do not want to do so. They are prepared to accept a higher level of taxation and of non-wage labour costs, and also less labour market flexibility than the US, in order to maintain a level of income transfers which contributes to social cohesion. In most countries of continental Europe the cradle-to-grave welfare state is now under severe pressure. Not only Maastricht convergence criteria, but also the needs of economic competitiveness and a responsibility towards future generations require cuts in public expenditure and a reduction of the tax burden. However, it is safe to assume that even after a painful period of retrenchment, the economies of Germany or France or Italy or Sweden will look very different from that of the United States; they will still be versions of a social market economy.

Britain is situated somewhere between these two models. But all European countries are under pressure to combine the necessary competitiveness with equally indispensable elements of social inclusion and security. "A civil and a civilised, inclusive society are part and parcel of wealth creation", said the Report on Wealth Creation and Social Cohesion in a Free Society, written by a commission of which I was the chairman:

The central thesis of this Report is that we need an economic policy which in promoting growth never loses sight of the social habitat which is an essential condition of the wealth of nations. Wealth not only requires respect for the natural environment but also the strengthening of social cohesion in vibrant civil societies.[3]

[3] *"Report on Wealth Creation and Social Cohesion in a Free Society", Dahrendorf Commission, 1995*

Economic cultures differ widely among the countries of Europe and will continue to do so. It suffices to point to the role of institutions (notably pension funds) in the economic process. It is pointless and probably undesirable to try and implant the culture of one country into another. But in the most general sense, Europe is distinct from America because of its greater emphasis on the social requirements of sustainable wealth, and it is distinct from Asia because of its insistence on basic freedoms and democratic processes. Britain is particularly well-placed to work with its European partners on these conundrums, and in doing so, can give them the benefit of its own, rather different experience. This may well be the central issue for European co-operation in the years to come.

6 ★ The "inter-governmental" pillars of the Maastricht Treaty offer much scope for progress

Maastricht was not just about monetary union, but also about promoting integration through supranational action. It opened up new opportunities for inter-state co-operation in home and foreign affairs. These will undoubtedly add to the "variable geometry" (or should it be, "geography"?) of Europe. It makes little sense to stop police co-operation at the Swiss or the Czech border, though not all members of the EU may wish to sign up for the Schengen agreement. However, when the EU's members do share common, non-economic intrests, they should pursue them together.

This is notably the case for what has come to be called CFSP, the common foreign and security policy. The Yugoslav trauma runs deep among Europeans and has given rise to doubts about the capacity of the European Union to keep the peace even on its own doorstep. When NATO troops finally leave Bosnia—if they ever do—Europe's strength, or weakness, will be tested once again. Clearly it is desirable for the countries of Europe to work together in matters of foreign and security policy of immediate concern to all Europeans. The CFSP should probably limit its ambitions, both in terms of geopolitics (neighbouring regions rather than the whole globe) and of policy instruments (security but not defence). One major task of the coming years will be to define the external interests that the EU countries have in common, without ignoring their continuing divergences. Notions of majority voting would clearly not be appropriate.

7 ★ Enlargement, notably to the east, is a vital responsibility of a democratic European Union

It has been said so often that one hesitates to repeat it, yet it must be said again: *widening is deepening*. Not only is there no incompatibility between deepening European co-operation and including new members, but taking in the new democracies of East and Central Europe would require the existing members to agree upon a common objective. Either the EU proves that it is serious about assembling Europe's democracies, or it loses its claim to be the magnet of an ever closer union. Poland is the test case.

There are many difficult issues to tackle as the EU enters the next round of enlargement, but they can and must be resolved, and quickly. Here are just two of the relevant issues:

★ Who should come in the next time round? The EU has already, foolishly, failed to include Malta, which would have been an easy entrant (and incidentally would have provided a model for other small countries); the decision to "link" Malta's membership with that of Cyprus raises suspicions that the EU is not serious about a southern extension. Any attempt to "link" Poland, the Czech Republic and Hungary with the Baltic and Balkan states could well be interpreted in a similar light. In my view, such unfortunate interpretations can be quashed only if Poland gets in soon. Poland is the Spain of the East, a large country with a remarkable history and a great need. If the EC brought in, say, two other countries at the same time as Poland, the signal to other hopefuls would be clear.

★ How can countries of such economic backwardness be brought in? First of all, the "backwardness" must not be exaggerated. Portugal had a much lower per capita GDP when it joined than, say, Slovenia has today. Above all, however, there is one simple answer: the EU can bring in post-communist countries if it puts political exigencies ahead of its own immediate economic interests. Enlargement to the East will undoubtedly involve some redefinition of policies. (It will

also involve long transition periods, longer even than the ten years for Spain and Portugal.) It will inevitably mean a considerable cost, as indeed did earlier enlargements. However, we must ask our questions the right way round. The issue is not how Poland can adapt to our ways, but how we can adjust our ways to take in Poland. This is a question of "first things first" and also of whether the EU is a club to protect the vested interests of its members or a political project for European co-operation.

Nineteen eighty-nine was a watershed in the history of Europe. Never before have the chances of liberty, all over this war-torn part of the world, been greater. The EU has responded to this challenge in a strangely inward-looking way, with the Treaty of Maastricht. But it is not too late. Even now, many people in the new democracies of East and Central Europe want to "return to Europe", and by that they mean the European Union. They will not accept sitting in the "waiting room" of Europe Agreements much longer, nor will they want to be banished to some outer periphery of semi-membership; they want to, and should, sit at the table with the rest of us. If organised Europe fails to include them soon, it will not only be the poorer for it, but will have betrayed its mission.

8 ★ In order to close the gap between people's hopes and the realities of the Union, the protection of civil rights and democratic accountability have to be strengthened

Rhetoric and reality cannot remain as far apart as they are without the growing disaffection of many citizens. If politicians talk about peace and prosperity, while tolerating fraud and the self-interest of lobbies, including national ones, they could destroy the European project. The answer, moreover, is not greater efficiency of the decision-making process.

Europe may lack efficiency, but for its citizens the lack of democracy and of its direct relevance is more significant. The inter-governmental conference ("Maastricht 2"), by concentrating on issues like qualified majority voting, runs the risk of increasing people's alienation from "Brussels" and eventually from "Europe", rather than overcoming it. Nor is a massive propaganda campaign likely to help, given that voters are now highly critical of costly efforts to influence their opinions.

By contrast, two issues require serious attention. One is democratic accountability. Europeanising issues involves not so much a loss of sovereignty as one of democracy. It may be regrettable but it is a fact that the directly elected European Parliament does not remedy this deficiency. The citizenry which would give it legitimacy and relevance simply does not exist. Greater involvement of national parliaments in the European process is therefore required. This could be done in a variety of ways (short of returning to the indirect election of the European Parliament), ranging from the French proposal of a Second Chamber of national parliamentarians, to the Danish practice of a parliamentary committee that holds ministers to account before every Council of Ministers.

The second issue concerning the citizens of Europe has to do with civil rights. Whatever the rhetoric, the EU is in all essentials an *economic* community. Its institutions cater for economic interests rather than civic concerns. Insofar as human and civil rights are defended by European institutions, the Council of Europe and the European Convention of Human Rights come closest. However, they are inter-governmental and the Convention has not (yet) been adopted in British law. It would be a

major step forward if an updated European Convention were to be turned into EU law, so that citizens could appeal directly to the European Court of Justice if and when their rights were violated. A change along these lines would also help to take the EU beyond the narrow confines of the single market.

9 ★ The European Union must be a force for openness which promotes world-wide co-operation

From the Kennedy Round to the Uruguay Round, the European Union has a praiseworthy record as a promoter of freer trade all over the world. But at the same time there are suspicious contrary trends. The Common Agricultural Policy is designed to protect a threatened industry from the winds of international competition. Other protectionist measures have accompanied the single market in a range of areas from textiles to automobiles. The Europe Agreements with the East Europeans introduce ludicrous quotas for certain specialised products. Indeed, the greatest single danger accompanying economic integration in Europe is that member-states, and organised interests within them, will use the Union to take protectionist measures which they would be embarrassed to advocate openly at home. This is the Fortress Europe syndrome.

Against that we must never lose sight of the fact that in important respects the European Union is merely a step in the right direction and not a goal in itself. In the absence of world-wide rules and agreements, European rules and agreements are better than national ones. It may be hard to practice this kind of "provisionalism" but it is nevertheless necessary to do so. If and when there is a chance to achieve agreement on rules beyond the confines of the EU—not just in trade but also, for example, in the regulation of financial transactions—Europe must yield to the wider space. Thus the European Economic Area is desirable, and so is a European-Atlantic free trade zone. A Europe which closes its gates will soon become stifling and illiberal in its structures and policies.

10 ★Europe's institutions must reflect common interests as well as the diversity of Europe's nations, regions and local communities

Subsidiarity has become fashionable, at least in theory. It means that the higher level of government comes into play only if and when the lower level cannot cope. In practice this is not happening anywhere. "Lower levels" defend their autonomy jealously, even when they lack the administrative capacity to cope with a problem; "higher levels" do the same even when they are manifestly unable to do justice to local and regional needs. A more modest principle would be to say: doing things through European co-operation does not necessarily mean doing them better, so a case has to be made for European action. This is true so far as Europe and wider—eventually world-wide—spaces are concerned; it is no less true for Europe and narrower spaces.

The concept of Europe advanced here assumes that nation-states will continue to play a major part in our lives. The heterogeneous nation-state is still the most effective guarantee of our civil rights, welfare and social cohesion. Europe shows no signs of effectively replacing the heterogeneous nation-state in that role.

But the nation-state is clearly not all. There are European and universal needs; there is also a significant role for units below the level of nation-states. These smaller spaces raise important questions, not least in the light of the deceptive slogan, "a Europe of the regions". "Regions" in Europe cover a multitude of things; some are in effect nations, albeit allegedly homogeneous ones (Catalonia, Flanders, Scotland), others are administrative districts of no great emotional significance (the East Midlands, Île de France), others again lie somewhere in between (Cornwall, Bavaria, "Padania"). The regions demonstrate a diversity of culture which enriches Europe and indeed makes it special in the world. Whether they are appropriate political units is more debatable; regions can seem more interesting to functionaries and demagogues than to citizens. The attempt to gather them in a kind of super-bureaucratic "Europe of the regions" is probably misguided and damaging both to Europe and to the regions—though that is a subject which requires a separate paper.

One of the most important distinguishing constitutional features of Europe is the autonomy of local communities. Their strength says much about the resiliance of civil society. Again, however, there is no case for organising them at a European level. The twinning of towns is an appropriate method of co-operation between local communities in Europe.

The image of Europe emerging from such comments is one that appeals more to our heads than to our hearts. This is important. A Europe which pretends to be a nation writ large, even a superpower, is in fact a monstrous construction rather than an ideal. European co-operation among democracies is a sensible way of dealing with a number of issues which elude even large nation-states and cannot yet be done globally. It is no more, but also no less. ★

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