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"Europe, 1992": Riding High On the Fourth Wave

*Gunnar P. Nielsson**

I. INTRODUCTION

The prospect of a rapid, major transformation of economic and political relations within the European Community (EC), now known as "Europe, 1992," has come as somewhat of a surprise to both policy making officials and academic analysts who had grown accustomed to "Eurosclerosis"—the stalemate which prevailed during the 1970s and early 1980s in Western European integration. By the late 1980s, attention to this development had become widespread and intense, with growing expectations of an emergent United States of Europe and anxieties about a "Fortress Europe."

This paper examines the "Europe, 1992" plans in a dispassionate, comparative perspective of three other periods (waves) of intensive integrative progress in the thirty-eight year history of the Community. The objective is to identify the factors which suggest that the current wave is more sustainable than the three previous periods. It is an effort to address the following basic question: why should we expect that the current wave of intensive integrative dynamics is more likely to succeed than the previous ones? Hence, it is an attempt to be both interpretative historian and comparative analyst of current developments.

The paper is organized into four sections. The first section presents brief characterizations of the previous three waves of dynamic reform of the European Community. The second section examines the nature of the proposed changes presented in the 1985 White Paper on the Single Integrated Market and the institutional reform that followed the implementation of the Single European Act in 1987. The third section presents economic and political factors in support of the argument that a

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unique configuration of forces exists that have helped initiate and sustain the "Europe, 1992" plans. The final section presents a preliminary review of progress between 1985 and mid-1989.

II. THE FIRST THREE WAVES

The concept of "wave" is used here to connote a period of intensive integrative dynamics that leads to a significant change of the European Community. A broad, interpretative historical perspective of its thirty-eight year history reveals the EC has experienced three such waves. Each wave was followed by periods of leveling off during which the previous achievements were, at best, preserved. These waves occurred between 1951 and 1954, between 1958 and 1965, and between 1970 and 1973.

A. *The First Wave: 1951-1954*

Simultaneous with the formation of the European Coal and Steel Community in the early 1950s, the proposal for a European Defense Community (EDC) emerged as a hot political issue in Western European politics and provided the dynamic for the first wave.¹

The EDC proposal gave the Europeanists a tremendous boost by suggesting that the "low politics" approach through limited sector integration as applied to the Coal and Steel Community would be surpassed quickly by the move to apply supranational authority to common defense and foreign policies as well as a general European Political Community (EPC). However, after two years of negotiations and bargaining, their high hopes came to an end in 1954 when the EDC (and consequently the EPC) scheme was defeated by the French who had initiated it.²

After that debacle, a feeling of malaise pervaded prospects for future progress. Surprisingly, through the initiative of the Benelux countries (Belgium, the Netherlands, and Luxembourg) under the leadership of Paul Henri Spaak in the 1955 Messina

1. For an interesting, very pro-Europeanist history of these early years, see R. MAYNE, *THE RECOVERY OF EUROPE: FROM DEVASTATION TO UNITY* (1970). A more dispassionate account is found in A. ZURCHER, *THE STRUGGLE TO UNITE EUROPE* (1958). For analyses of the European Coal and Steel Community, see W. DIEBOLD, *THE SCHUMANN PLAN: A STUDY IN ECONOMIC COOPERATION, 1950-1959* (1959); E. HAAS, *THE UNITING OF EUROPE: POLITICAL, SOCIAL AND ECONOMIC FORCES* (1958).

2. For a general analysis of the various aspects of the EDC issues, see FRANCE *DEFEATS THE EDC* (D. Lerner & R. Aron eds. 1957).

Conference and the formation by Jean Monnet of the Action Committee for a United Europe, confidence was re-established among Europeanists who moved on to form the European Economic Community (EEC) and the European Atomic Energy Community in 1957.

B. The Second Wave: 1958-1965

The second wave was dominated by the early success of the European Economic Community. Supranational authority was established by an assertive EC Commission, the executive branch which has the power to initiate policy proposals and the responsibility for monitoring compliance by the twelve member states with new Community regulations and directives.³ Through multi-issue package proposals and exhaustive bargaining sessions, the six member states agreed on accelerating the completion of the customs union in manufactures and on formulation of the Common Agricultural Policy.⁴

The second wave was also a time when intra-EC trade flourished and external investments flowed into the rapidly growing new regional economy, giving credibility to a new integrative dynamic. Politically, a new identity was established for the "Inner Six." Their politics were viewed as a radical experiment in policy formulation through supranational authority as compared with the more conventional methods of intergovernmental cooperation used by the European Free Trade Association, the "Outer Seven."

The second wave came to a halt in 1965 with a dramatic six month confrontation between the French government, under the leadership of de Gaulle, and the Commission.⁵ In retrospect, the assertive Commission under Walter Hallstein's leadership over-

3. For a brief, general description of the European Community decision making process, see E. NOEL, *WORKING TOGETHER—THE INSTITUTIONS OF THE EUROPEAN COMMUNITY* (1988).

4. The customs union created a free flow of trade in industrial goods by the removal of tariffs and quotas among the member states and the establishment of a common external tariff in trade with non-member states. The Common Agricultural Policy created a managed (and protected) common market in food products through guaranteed prices, purchase of surplus production and subsidy support for exports to non-member states. For a discussion of the basic attributes of these two policies, see J. HARROW, *THE POLITICAL ECONOMY OF INTEGRATION IN THE EUROPEAN COMMUNITY* 41-85 (1988). In addition, the developments of the EEC during this period are captured in L. LINDBERG, *THE POLITICAL DYNAMICS OF EUROPEAN INTEGRATION* (1963).

5. For a detailed account of that crisis, see J. NEWHOUSE, *COLLISION IN BRUSSELS* (1968).

stepped its authority with a super-package presented in the spring of 1965. That package involved further development of the Common Agricultural Policy, giving the Community more control of financial resources, expanding the role of the fledgling European Parliament, and implementing extraordinary majority voting in the Council of Ministers.⁶

The French government perceived the latter two measures as unacceptable encroachments on the member states' sovereignty. In addition, the issue of British accession to the Community and the stalemated French proposal for greater cooperation in foreign policy among the member states contributed to the crisis atmosphere which was manifested by a French decision to absent themselves from EC decision making.

The crisis was settled by the 1966 "Luxembourg Compromise", which enabled each member state to insist on unanimous decisions for such policy proposals it deemed to be of vital national interest. Although the commitment to the principle of qualified majority vote was maintained, the Luxembourg Compromise formalized the unit-veto method of policy making until the institutional reform in 1986, which had the effect of deflating the Commission's status, resulting in a demise of a supranational authority approach. While economic integration through trade continued to flourish, the unique supranational decision-making feature that had become the Commission's most interesting and dynamic political attribute lingered on ineffectively, crippled by the Luxembourg Compromise. Instead, the intergovernmental cooperation features within the EC institutions rose to new significance,⁷ and the disagreement on British (as well as Danish,

6. The Council of Ministers is composed of twelve government ministers, one from each member state. Its specific composition depends on the particular policy issues to be decided. Thus, agricultural policy issues are decided by the member states' ministers of agriculture, labor market policy proposals are decided by the member states' ministers of labor, and so on. General policy proposals are decided by either the foreign ministers or by the heads of government or state. The Council of Ministers also has the authority to make the final decision on proposals initiated by the Commission after consultation with the European Parliament.

In addition, the Committee of Permanent Representatives (COREPER) is composed of the head of each member state's permanent mission to the EC in Brussels. By handling the Council's daily activities, it has become a powerful secretariat for the Council of Ministers. See E. NOEL, *supra* note 3.

7. For a general interpretation of the significance of that crisis for future political integration in Europe, see Hoffmann, *Obstinate or Obsolete: The Fate of the Nation-State and the Case of Western Europe*, 95 DAEDALUS 862 (1966).

The intergovernmental cooperation approach is based on the need for unanimity in the Council of Ministers. Consequently, it searches for the lowest common denominator

Irish and Norwegian) accession continued to dampen future progress toward greater integration.

C. *The Third Wave: 1970-1973*

Re-invigoration of the Western European integration dynamic resulted directly from the March 1969 demise of President de Gaulle in French politics. The final communique of the December 1969 summit of the EC leaders in the Hague reflected a new optimism. That communique could be read as a commitment to a new integration agenda for the 1970s.⁸

A commitment to resolve the Northern Enlargement of new EC membership led to the inclusion of Britain, Denmark and Ireland by January 1, 1973. Norway decided not to join. The Werner Plan for a new Economic and Monetary Union by 1980 was given strong support and the Davignon Report on a new intergovernmental practice of coordinating foreign policies among the members presaged a new sense of progress in European Community relations. The optimistic expectations of the early 1970s gave way to new "Euro-pessimism" as the plans for new action programs were overcome by the international monetary crisis that led to the collapse of the Bretton Woods system—a development immediately followed by the world energy crisis of the mid-1970s. Both of these crises demonstrated that the Community still did not possess sufficient cohesion to solve problems through forging common policies to deal with these external economic shocks to a previously stable, American-led Western international economic order.

Since the mid-1970s, general European Community relations have been characterized by critical self-examination and abortive efforts to move back on an active path to further integration. The 1976 Tindemans Report on European Union, the Spierenburg Report on the need for reform of the Commission, and the Three Wise Men report on institutional relations were

in bargaining, and emphasizes coordination rather than integration. The supranational authority approach is characterized by the ability to supersede the unit-veto method. It allows an assertive Commission and Parliament to engage in a bargaining process based on upgrading the common interest. See P. TAYLOR, *THE LIMITS OF EUROPEAN INTEGRATION* 1-92 (1983).

8. The revival of commitments to proceed with new reforms in the early 1970s is discussed in Taylor, *The Politics of the European Communities: The Confederal Phase*, 27 *WORLD POL.* 336 (1975), and in a broader context in P. TAYLOR, *THE LIMITS OF EUROPEAN INTEGRATION* (1983).

acknowledged as important contributions to the debate on how to move beyond the existing stalemate. However, they did not become platforms for action policies. In 1981, the West German and Italian Foreign Ministers tried to inject new life into the reform movement.⁹ Their efforts culminated in the 1983 Stuttgart Declaration on European Union which was a series of ineffectual general declarations of intent with no commitment to move on to an action program.¹⁰

By the late 1970s, the economic effects of increased inflation and stagnation of the EC economy had evolved into the first synchronized Western recession since the early 1950s. Unemployment as well as signs of long term underemployment plagued EC governments. In addition, the Community experienced its own internal crisis over the future financing of the Common Agricultural Policy.

Nevertheless, a number of important European Community initiatives were passed during this period. Agreement was reached on changing the European Parliament into an enlarged and directly elected body and the first such elections were held in 1979. However, there was no support for a formal expansion of the Parliament's power within the Community decision making process.

In addition, the Community agreed to form the European Monetary System (EMS) in 1978, and it became effective in March 1979.¹¹ This action was in response to both the instability in world monetary relations and the dislocations caused by the OPEC oil price reform.

The general response to the recession, however, was growing protectionism through the use of non-tariff barriers to trade. Moreover, the ability to adapt to these changes led to an increasing divergence rather than the expected convergence of economic performance by the member states.¹²

9. Tindemanns, *The European Union: Report to the European Council of Ministers*, BULL. E.C., Supp. 1, 1976; *The Institutional System of the Community: Restoring the Balance*, BULL. E.C., Supp. 3, 1983; Biersheuevel, Dell & Marjolin, *Report on European Institutions*, EUR. COMM. INTERNAL DOC., Oct. 1979.

10. Solemn Declaration on European Union, Communiqué from the Meeting of the European Community's Heads of Government and State, in Stuttgart (June 19, 1983).

11. On the development of the EMS, see D. KRUSE, *MONETARY INTEGRATION IN WESTERN EUROPE: EMU, EMS AND BEYOND* (1980). See also L. TSOUKALIS, *EUROPEAN MONETARY INTEGRATION* (1978).

12. See *ECONOMIC DIVERGENCE IN THE EUROPEAN COMMUNITY* (M. Hodges & W. Wallace, eds. 1981).

In external relations, the Community began negotiations in 1975 about a southern enlargement which brought Greece in as the tenth member state in 1981. Meanwhile, the Spanish and Portuguese accession negotiations were frozen in 1981 by French and Italian protectionist concerns about competition in wine and Mediterranean vegetables trade.¹³ Even though this intra-regional integration process was stagnating, joint action in foreign policy issues grew rapidly into a new European Political Cooperation system. The system was based on pragmatic intergovernmental cooperation rather than supranational authority. At the Conference on Security and Cooperation in Europe, the Community was able to develop joint policy responses to questions on relations with Third World states and East-West detente diplomacy.¹⁴

In spite of these positive developments, there was no sense in the early 1980s that the Community as a whole was moving in a coherent direction. The discourse on prospects for future development was framed in terms of an issue-by-issue list labeled "Europe a la carte" or in terms of a "two-tier Europe." Some member states would take drastic action on a series of issues while opposing member states would exclude themselves from participating in the new EC policies, potentially leading to a European Community with "first class" and "second class" membership.¹⁵ In this context, the dramatic changes, classified as the fourth wave of intensive integrative dynamics, which have occurred since 1985 will now be examined.

III. THE FOURTH WAVE: 1985-1989

"1992 is not simply a date. It is a programme and a strategy."¹⁶ The argument that the fourth wave is different from the previous three waves is developed in the next two subsections of this paper. First, the general characteristics of the Commission's plan for a single integrated market are examined. A discussion follows about the linkage between the EC Commission's 1985 White Paper, setting out the comprehensive action program for

13. The southern enlargement is discussed in L. TSOUKALIS, *supra* note 11.

14. The evolution of the European Cooperation system is covered through a series of case studies in D. ALLEN & W. WESSELS, *THE POLITICAL COOPERATION MACHINERY IN EUROPE* (1982). The impact on the member states' foreign policies is analyzed in *NATIONAL FOREIGN POLICIES AND EUROPEAN POLITICAL COOPERATION* (C. Hill ed. 1983).

15. See P. TAYLOR, *THE LIMITS OF EUROPEAN INTEGRATION* 298-313 (1983).

16. P. CECCHINI, *THE EUROPEAN CHALLENGE*, 1992 at 72 (1988).

a single integrated market, and the institutional reform that culminated in the 1987 Single European Act. The second subsection reviews the special configuration of supportive economic and political factors that helped to launch and continue to sustain the current drive to reform European Community relations.

A. *The Plan For The European Community Single Integrated Market*

The 1992 plan is officially identified under the more modest label of the Single Integrated Market. Within the Community, the policy domain is identified as "the internal market." This discussion uses the term the "European Community Single Integrated Market" (ECSIM) as the appropriate label for issues identified in the 1985 White Paper.

The centerpiece of the "Europe, 1992" dynamic is the set of proposals presented in the Commission's 1985 White Paper.¹⁷ Compared to developments in the second and third wave, this ECSIM plan is unique because of its comprehensiveness and its stepwise progressive time frame for action. The 300 original proposals presented in 1985 constitutes the largest, most comprehensive package proposal the Commission has ever initiated and put before the Council and the European Parliament. It clearly signals the end to the "Europe a la carte" approach that characterized decision making in the 1970s and early 1980s. In fact, "Europe, 1992" should by now be viewed as an umbrella concept which covers more than the original plans for creating a more tightly integrated market.

The policy issues which have been grouped together in the White Paper have previously been categorized as "non-tariff barriers" to trade. They involve practices such as national technical specification of products, the use of different health and safety standards, environmental regulations, quality controls, a single source supplier of government purchases, restrictive transportation policies, and differences in indirect taxation regimes, among others. These policies led to burdensome border control procedures and excessive bureaucratic paper work when conducting EC cross-border transactions. The issues were grouped

17. COMMISSION OF THE EUROPEAN COMMUNITIES, COMPLETING THE INTERNAL MARKET: WHITE PAPER FROM THE COMMISSION TO THE EUROPEAN COUNCIL (1985) [hereinafter WHITE PAPER].

together in three major categories: physical, technical, and fiscal barriers.

As shown in Table I,¹⁸ the physical barriers involved issues associated with border controls both for goods and individuals. The technical barriers, by far the largest category, presented a "mixed bag" that included 1) harmonization of product standards including motor vehicles, pharmaceuticals, and construction products; 2) public procurement; 3) a common labor market for both wage-earning industrial workers and professions; 4) liberalization of capital flows; 5) a common market for the service sector with particular focus on banking, insurance, stock exchanges and transportation (maritime, road haulage as well as civil aviation); and 6) a common legal base for regulating and taxing companies, as well as intellectual and industrial property rights. The fiscal barrier category focused on two policy issues: the indirect taxation regime of Value Added Tax (VAT) and excise duties.

TABLE I: EC COMMISSION PROPOSALS BY SUBJECT AREA AND TIME TABLE

	Proposals Prior To 1985	New Proposals 1985-1986	New Proposals 1987-1992	Total
Subject:				
Part One: Removal of Physical Barriers:				
I: Control of Goods				
1.	Various Goods			
	2	5	0	7
2.	Veterinary and phytosanitary controls			
	19	22	27	68
II: Control of Individuals				
	3	3	5	11
Subtotal				
	24	30	32	86
Part Two: Removal of Technical Barriers:				
I: Free Movement of Goods				
1.	New approach to technical harmonization and standards policy			
	0	5	2	7
2.	Sectoral proposals concerning approximation of laws			
	2.1 Motor vehicles			

18. *Id.* at 1-35 ("Annex: Timetable for Completing the Internal Market by 1992").

	0	6	5	11
2.2	Tractors and agricultural machines			
	0	1	1	2
2.3	Food law			
	14	8	4	26
2.4	Pharmaceuticals and high technology medicines			
	5	2	5	12
2.5	Chemical products			
	3	6	3	12
2.6	Construction and constructions products			
	1	4	5	10
2.7	Other items			
	9	6	7	22
II: Public Procurement				
	0	1	6	7
III: Free Movement of Labor and the Professions				
	11	6	3	20
IV: Common Market For Services				
1.	Financial Services			
1.1	Banks			
	1	6	1	8
1.2	Insurance			
	4	3	2	9
1.3	Transactions in securities			
	2	1	1	4
2.	Transport			
	6	2	0	8
3.	New technologies and services			
	0	5	0	5
V: Capital Movements				
	1	2	0	3
VI: Creation of Suitable Conditions for Industrial Cooperation				
1.	Company law			
	4	2	4	10
2.	Intellectual and industrial property			
	3	6	2	11
3.	Taxation			
	4	0	0	4
VII: Application of Community law				
1.	Transparency			
	0	1	1	2
2.	Competition policy and state aids			
	0	1	0	1
Subtotal				
	68	74	52	194

Part Three: Removal of Fiscal Barriers:

I: V.A.T. (Value Added Tax)	9	5	2	16
II: Excise Duties	4	6	2	12
Subtotal	13	11	4	28
Total	105	115	88	308¹⁹

It is beyond the scope of this paper to discuss issue by issue the comprehensive package found in the 1985 White Paper.²⁰ However, when viewed in an aggregate perspective like Table I, a number of generalizations can be culled. For example, 63% of the proposals were in the technical barrier category, 28% were in the physical barrier category, and only 9% of the 308 proposals were in the fiscal barrier category.

Three issue areas accounting for the greatest number of proposals—38%—centered on veterinary and phytosanitary controls, food law and the common labor market. It is significant that the first two issues are generally related to the EC's Common Agricultural Policy, an issue area that has been contentious during the last two decades.

About one-third of the proposals have a legislative history that pre-dates the 1985 White Paper. A pattern of a gradual build-up of Commission proposals on elimination of non-tariff barriers appears to go back as far as 1967 which then accelerated in the early 1980s. Of the 109 pre-1985 Commission proposals, 20 were presented between 1967 and 1977 while the remaining 89 have been introduced since 1978, with nearly one-third (35) introduced in 1984. Veterinary and phytosanitary control, food law and the common labor market, the three issues with the largest number of proposals in the 1985 White Paper, were also the issues with the most distinct legislative history, comprising 42 out of the 109 pre-1985 proposals.

The Commission's approach in the 1985 White Paper developed a time frame which called for stepwise progression of the

19. *Id.* The total of 308 proposals is based on a "first cut" hand tabulation of all the proposals listed in the annex, a few of which involved no further action by the Council or required direct ratification by the member states.

20. For an issue by issue analysis, see M. CALINGAERT, *THE 1992 CHALLENGE FROM EUROPE: DEVELOPMENT OF THE EUROPEAN COMMUNITY'S INTERNAL MARKET* (1989).

addressed issues through a decision making process. Two general phases were delineated: 1985-1986 and 1987-1992. Table II shows the pattern in which the Commission expected its proposals, over a period of one or two years, to be decided upon by the Council.²¹ Member states would be allowed another two years in which to adapt the new regulations and directives into their laws and public administrative policies. According to this timetable, nearly all the proposals would have been presented to the Council before the end of 1987, and it was expected that the Council would have decided upon more than 90% of the 300 proposals before the end of 1990.

Table II clearly demonstrates that before the end of 1986, the Commission expected the Council to begin its decision making by "clearing the deck" of the issues which had been placed before it prior to 1985. Of the 104 proposals the Commission planned to introduce in the first phase (1985-1986), the Commission expected the Council would decide upon 77 of them before the end of 1987.

TABLE II: TIME FRAME FOR COMMISSION PROPOSALS AND EXPECTED DATE OF DECISIONS BY THE COUNCIL, 1985-1992

Year of Introduction of New Proposals: EC Commission's 1985 White Paper.

Year of Expected Council Decision:	Proposals									Total
	Prior To 1985	1985	1986	1987	1988	1989	1990	1991	1992	
1985	54	6								60
1986	34	33	2							69
1987	7	10	32	4						53
1988	6	2	6	22	0					36
1989	1	1	3	15	8	1				29
1990	1	0	0	3	10	11	0			25
1991	0	0	0	1	0	4	4	0		9
1992	0	0	0	0	0	0	4	5		9
No Decision Needed	2	3	6	2	0	1	0	0		14
Total	105	55	49	47	18	17	8	5		304

21. WHITE PAPER, *supra* note 17, at 1-35 ("Annex: Timetable for Completing the Internal Market by 1992").

Without going into detail about specific policies, the step-wise progression was based on a Commission strategy of initially resolving the very specific issues within each sub-category and then aggregating the results of solutions found at that level into a general policy standard. In some of the new issue areas introduced, the Commission's approach was to call for an initial "standstill" in further policy making within the member states and notification of planned changes to the Commission.

Although the 1985 White Paper is based on separate issue categories, the analysis of the plan for achieving a single integrated market recognizes the connections between the various White Paper issues and also with issues not included in the White Paper. For example, border controls might be eased through common policies on product standards and a harmonized road haulage policy. They cannot be eliminated altogether, however, until the divergent rates of VAT collected on commodity exchanges between the member states are resolved, the agricultural monetary compensatory amounts are eliminated, and harmonized policies on how to combat drug trafficking are developed.

To accomplish complete integration, policy would have to be integrated into the laws of each community member. The Commission acknowledged that its strategy of pressing for action on most of its proposals during the early stage of the eight-year time frame was to have time to assess the logical cohesion of actions taken toward the single integrated market. The Commission's third progress report stated that "the White Paper programme has deliberately been weighted to concentrate activity in the earlier years so as to make the shape of the final structure apparent at the earliest possible stage."²²

B. The Single European Act

The second important supportive factor in this current fourth wave of intensive integrative dynamics is the Single European Act (SEA). This discussion of the SEA focuses only on the SEA's importance for "Europe, 1992" plans. In a broader context, the SEA represents a compromise between the federalists'

22. THIRD PROGRESS REPORT OF THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT, 1988 EUR. COMM. DOC. (COM No. 134) 5 (1988) [hereinafter THIRD PROGRESS REPORT].

push for a completely transformed Community and the intergovernmentalists who only reluctantly agreed to reform.

Adaption of the SEA coincided with the first phase of the ECSIM plan. It was negotiated in 1985 with an agreement of its provisions reached at the December 1985 European Council meeting. The SEA was signed in February 1986, ratified by the member states' governments during the following year, and became effective on July 1, 1987.²³

From the perspective of ECSIM plans, one of the key SEA reforms established a process of decision making by the Council of Ministers using qualified majority voting instead of unanimity.²⁴ Prior to the SEA, the Commission had estimated that the Council of Ministers would have had to make unanimous decisions on 90% of its proposals. In contrast, the SEA generally mandated qualified majority voting on about 200 (two-thirds) of the ECSIM proposals, thereby freeing the decision making process from the constraint of vetoes by a single member state. Unanimity was retained for decisions on the remaining 100 proposals focused specifically on issues concerning a common labor market for professionals, turnover taxes, excise duties, indirect taxation, fiscal provisions, freedom of movement of persons and the rights and interests of employed persons.

Another major change was the incorporation of the European Parliament from its previous consultative status into a direct legislative role. A new "cooperation procedure" was instigated and involved a complex process whereby the Parliament, on issues subject to qualified majority voting, has the right to decide by absolute majority, whether to accept, amend, or reject a policy upon which the Council had reached a "common posi-

23. See BULL. E.C., Supp. Feb. 1986; Lodge, *A Single European Act—A Threat to the National Parliaments of Europe?*, 68 *PARLIAMENTARIAN* 21 (1987); Fitzmaurice, *An Analysis of the European Community's Cooperation Procedure*, 26 *J. COMMON MARKET STUD.* 389 (1988).

24. When the Council decides by unanimity, each member state casts one vote. When the Council uses qualified majority, it is based on the following system of weighted voting:

10 votes: Germany, France, Italy and Great Britain

8 votes: Spain

5 votes: Portugal, Belgium, Netherlands and Greece

3 votes: Denmark and Ireland

2 votes: Luxembourg

The Council requires a majority of 54 out of the total of 76 votes cast (71 percent) to pass a measure. It would require a minimum of two of the largest states and either Ireland or Denmark to form a blocking coalition.

tion" and had submitted it to the Parliament for a second reading. The Council has the right to override rejections or amendments by the Parliament, but only by a unanimous vote and after the Commission has exercised its right to reconsider the policy proposals. The entire procedure must be completed within three months, unless extended one month by agreement between the Commission and the Council.

Furthermore, the SEA formally legitimized the ECSIM plans by conferring on them formal treaty status as well as making the time frame of 1992 a firm commitment. The SEA mandated that the Commission make formal progress reports to the Council at the end of 1988 and 1990, and called upon the Council to take action to assure a balanced progress of the entire program. The SEA also mandated that the Commission, during 1992, inventory national laws, regulations, and public administrative provisions which have not yet been harmonized in accordance with EC regulations and directives. In cases of non-compliance with EC policies, the SEA mandated that the Commission introduce proposals to the Council to rectify the situation before the end of 1992.

Finally, the 1987 SEA formally incorporated several issue areas closely related to, but not formally part of, the ECSIM plan. Thus, monetary capacity, social policy, economic and social cohesion, research and technological development, and the environment were adopted formally as new policy domains of the EC. By incorporating these closely related issues, the connotation of the concept of "Europe, 1992" covering a broader scope of issue areas than those set out in the 1985 White Paper is captured.

IV. ECONOMIC AND POLITICAL FACTORS SUSTAINING THE FOURTH WAVE

The mandate given the Commission in March 1985—to present a comprehensive package of proposals to achieve a single integrated market by 1992—was the culmination of a process of change. The process began with several Commission studies in 1981 on the problems of non-tariff barriers to trade, followed in 1983 and 1984 by reports on obstacles to people crossing intra-Community frontiers, and the need to implement European standards of product specifications. The final impetus, however, must be explained by examining economic and political factors

which converged to support a major innovative approach to further economic integration.

A. *Economic Factors*

An important difference compared to the three earlier waves is that by 1985, the EC had become a mature customs union. Since the completion of the customs union in 1968, the EC states have reached a very high degree of trade integration. Intra-regional trade among the member states had grown to between 45% and 67% of their total trade. While the small, north-west European states had been integrated with the world trade system for some time, the new development since World War II is that even the larger states have now reached a very significant degree of trade interdependence. Thus, intra-regional trade for the four big states (West Germany, France, Great Britain, and Italy) in the mid-1980s accounted for between 45% and 50% of their total trade, providing an important foundation upon which to move toward an economic union.²⁵

On the other hand, the joint experience of a synchronized recession in existence since the mid-1970s demonstrated that a customs union is an insufficient framework for creating an integrated West European regional economy. The recession showed in the extreme a modern welfare state's capacity to protect its domestic economic interest groups through the various instrumentalities of non-tariff barriers to trade expansion. The negative consequences of this hidden protectionism were manifested by the stagnation or decline of most of the EC member states' economies. The decline initiated the realization that something had to be done to rejuvenate economic growth in the region as a whole.

1. *Threat of foreign competition*

Economic stagnation and decline had been reinforced by the international expansion of the American and Japanese economies and the growth of a new level of complex economic interdependence on a global scale. During the last twenty years, American and especially Japanese businesses penetrated the West

25. EC COMMISSION, EUROPEAN DOCUMENTATION, SOURCE 5-59, EUROPE WITHOUT FRONTIERS—COMPLETING THE INTERNAL MARKET 14 (1989).

European economies through superior technological development and truly global managerial "know-how."

In essence, the "economic external enemy" of Japanese and American competition is considered a threat to the survival of a European autonomous economic identity. Although they are states with which the West European states generally have very positive relations, the campaign for "Europe, 1992" reflects this perceived threat from American and Japanese competition. Response to the threat is one of the major thrusts in support of the extraordinary efforts necessary to create regional integrative conditions that facilitate economies of scale to keep the West European economy autonomously competitive on a global scale. This argument has been succinctly captured in the following statement by the Commission-sponsored Cecchini Report:²⁶

Recent performance of EC firms in competing with their Japanese and American rivals for world and European markets is far from brilliant. Since the start of the 1980s, Community business has seen an erosion of its position on many world manufacturing markets, while its two major competitors have gained. The Japanese and American advantage is particularly pronounced in advanced technology sectors like electrical and electronic goods, office automation equipment and data-processing. EC companies have resisted better on European markets, but even so there is a real danger that in sectors like pharmaceuticals, foodstuffs and certain high tech areas the main beneficiaries of market integration would be non-Community—be they American, Swiss, Japanese or from the newly industrialized countries.

The statement by Jacques Delors to the European Parliament in his January 1985 inaugural address contained a broad message that "perhaps the immobilism of the past four years is behind us and that the EC member state Governments have been panicked into realizing that with steadily rising unemployment and deteriorating competitiveness, they had better act together or they will surely perish separately."^{27*}

Another feature of the fourth wave is that support for the ECSIM and the whole 1992 program from the EC business sector has been stronger than ever before. In response to the sense of pending economic crisis in the EC, leaders of the largest busi-

26. P. CECCHINI, *supra* note 16, at 89.

27. Welsh, *The European Parliament Defines Its Role*, EUROPE, MAGAZINE OF THE EUROPEAN COMMUNITY, Mar.-Apr. 1985, at 31.

nesses in Western Europe formed an action group in 1983 called the European Round Table of Industrialists. The group was comprised of forty members who head such European giant companies as Philips Industries, Societe General de Belgique, British-American Tobacco, Siemens, Fiat and Nestle.

Working within a political environment that is becoming more and more favorable to experimentation with liberalization of the national economies, the European Roundtable produced a series of reports on long-term policy issues in support of further economic integration within the Community. In January 1985, the head of Philips Industries, Wisse Decker, produced a special report entitled "Agenda for Action—Europe, 1990" calling for removal of non-tariff barriers and influencing the development of the EC Commission's 1985 White Paper. The Roundtable has continued to champion the ECSIM, especially through active lobbying in both the EC institutions in Brussels and the various national capitals. It has also become involved in training programs for young managers to foster EC-wide perspectives in the next generation of business leaders. Finally, it has become involved in an operational program called "Euroventures" which provides venture capital through twelve different funds in fifteen countries for the purpose of fostering cross-border joint ventures between small business enterprises.²⁸

2. *The cost of non-Europe*

Another factor supporting "Europe, 1992" is the new approach justifying the need for, and benefits of, further integration focused on the concept of "the cost of non-Europe." In the past, the arguments supporting economic integration were based on the promise of future rewards from free trade and coordination of economic policies in general, as well as a promise of lower prices to the general consumer. The "cost of non-Europe" estimates the actual costs of the existing barriers to the free flow of commodities, services, capital, and labor, as well as the opportunity costs associated with economies of scale and innovations derived from increased competition. In other words, justification of further integration proceeds from the idea of what the West Europeans are losing by *not* changing their current practices.

The "cost of non-Europe" approach was first used by two

28. Richardson, *Europe's Industrialists Help Shape the Single Market*, EUROPE, MAGAZINE OF THE EUROPEAN COMMUNITY, Dec. 1989, at 18-20.

economists commissioned in 1983 to conduct a study by the European Parliament about restrictions on public contracts (the Albert/Ball report).²⁹ The Commission and private organizations subsequently used it in the mid-1980s, but the most ambitious effort using "the cost of non-Europe" approach is the 1988 Cecchini report. Sponsored by the EC Commission and initiated by its Vice-President, Lord Cockfield, (Commissioner in charge of the ECSIM plan) the Cecchini report involved a massive research program. Cecchini supervised the research group that consisted of about fifty analysts from the Commission staff as well as from universities and research institutes throughout the Community. The group produced a sixteen volume study of cost estimates from the negative effects of continuing a "fragmented Europe," and benefit estimates from the positive effects of a single integrated market. The study included the results of a survey of 11,000 enterprises in the EC and the use of sophisticated micro-and macro-economic modeling methodologies.³⁰

The Cecchini report is basically a lesson in the positive effects of supply-side economics. It described the dynamics of the process as follows:

The starting point of the whole process of economic gain is the removal of non-tariff barriers. [That] will trigger a supply-side shock to the Community economy as a whole. The name of the shock is European market integration. Costs will come down. Prices will follow as business, under the pressure of new rivals on previously protected markets, is forced to develop fresh responses to a novel and permanently changing situation. Ever present competition will ensure the completion of a self-sustaining virtuous circle. The downward pressure on prices will in turn stimulate demand, giving companies the opportunity to increase output, to exploit resources better and to scale them up for European, and global, competition.³¹

The outcome of the Cecchini version of the "cost of non-Europe" approach is that the Community stands to gain in economic welfare an estimated 216 billion European Currency Unit (ECU) or 263 billion US dollars at the 1988 exchange rate! This forecast is based on an estimate of about 100 billion ECU in sav-

29. M. ALBERT & J. BALL, *TOWARDS EUROPEAN ECONOMIC RECOVERY IN THE 1980S: REPORT TO THE EUROPEAN PARLIAMENT* (1984).

30. P. CECCHINI, *supra* note 16. This 109 page paperback is an executive summary of the massive sixteen volume research program.

31. *Id.* at xix.

ings from removal of existing barriers, and the rest is based on projected gains in opportunity costs from exploiting economies of scale and the benefits of intensified competition.³² In the medium term, that gain will be manifested by an additional 4.5% increase in the EC gross domestic product, a 6% deflation of consumer prices, a 2.2% improvement in public finances, and a 1.5% reduction of the unemployment rate—creating 1.8 million new jobs.³³

B. Political Factors

Just as the fourth wave is special because it is supported by a new combination of economic factors and a highly organized, mobilized business elite, so it is special because of a favorable configuration of political forces that converged between 1984 and 1988.

The first of these factors is that France has increasingly come to support the “pro-Europeanists” governments of Italy, Germany, and the Benelux countries, thus forming an important coalition for action. Generally, Britain, Denmark and Greece are considered “the reluctant Europeans” who support minimalist approaches based on intergovernmental cooperation.

The pro-Europeanist efforts to encourage the Community to adopt new action programs were concluded in the early 1980s with the 1983 Stuttgart Declaration. Nevertheless, France—during its presidency of the EC in June 1984—restarted those efforts with the nomination and subsequent acceptance of the dynamic Jacques Delors as the new Commission President. During the fall of that year, a new Commission, representing almost a complete turnover of personnel, was assembled.

The new Delors Commission represents the second important political factor supporting the action program that emerged in 1985. Only three out of fourteen Commissioners continued in office. The majority of the new Commissioners had strong credentials as political heavy weights in West European politics. Mr. Jacques Delors, who began his second term January 1, 1989, is considered the right person to provide dynamic leadership. An impressive background including service as a member of the French Socialist Government—holding such high level ministe-

32. *Id.* at 84.

33. *Id.* at 97.

rial positions as Minister of Economy, Finance, and Budget between 1981 and 1984—prepared him for the task. Mr. Delors, a moderate, pragmatic Socialist, is also a strong Europeanist, having served both as the French Member of COREPER, and a member of the European Parliament where he was president of the Economic and Monetary Committee.

Most of the new Commissioners arrived with previous experience as members of their governments. Especially noteworthy among the new Commissioners was Lord Cockfield, who had served as Minister of Trade in the Thatcher Government. He was given the Commission portfolio of the internal market and became the key authority behind the construction of the 1985 White Paper. Mr. Claude Cheysson, who re-entered the Commission after having served as French Foreign Minister in the early years of Francois Mitterand's presidency, is another example of a person with high political reputation who brought clout to the new Commission.

Another factor in the political configuration encouraging integration was that three very pro-Europeanists governments—Italy, Luxembourg and the Netherlands—held the Community Presidency during 1985 and the first half of 1986. This control ensured a platform conducive to launching new action programs.

Similar to the European Round Table of Industrialists which is composed of the top level business elite in Western Europe, a new Political Action Committee for Europe was formed in June 1985. This development revived the legacy of Jean Monnet's Action Committee for a United States of Europe which had been an important Europeanist lobby between 1956 and 1976. The new Action Committee was led by senior West European statesmen such as Max Kohnstam (Vice President of the Monnet Committee), Leo Tindemanns (previous Prime Minister of Belgium), Edward Heath (previous Prime Minister of Great Britain), Helmut Schmidt (previous Chancellor of West Germany), Maurice Faure (previous French Foreign Minister), Emilio Colombo (previous Foreign Minister of Italy), plus a number of the newer generation of committed Europeanists. The Committee's purpose is to mobilize support from the Member Governments for new practical action programs (i.e., "Europe, 1992") and institutional reform (i.e., the SEA) necessary to meet the critical challenges facing the Community.

Finally, the European Parliament was ready to improve its

image as an important institutional component in a more dynamic Community after a dismal showing in the 1984 direct elections of public apathy or opposition to its call for drastic change toward a new, federal union. That experience tempered the Parliamentarians' hopes of inspiring a radical reform movement based on a popular mandate for the European Union Treaty that it had passed before going to the electorate.

Within this supportive political context, Jacques Delors went before the European Parliament to deliver his inaugural address. While the efforts to bring about institutional reform and the single integrated market had followed separate paths up to this point, Delors tied them together by insisting that they were of equal importance for a relaunching of progress in the European Community. Within three months, the Council gave the Commission a mandate to present a comprehensive plan for the achievement of the ECSIM before the end of 1992.

Concentration on the ECSIM and the SEA during the tenure of the first Delors Commission has been facilitated by several important developments on other EC issues. By January 1, 1984, the new European Free Trade Zone (EFTZ) came into force, ending the transition period in the EC's relations with the six EFTA states by establishing a free trade area between the two organizations for trade in manufactured goods.³⁴

Secondly, in June 1984, approval was given for completion of negotiations with Spain and Portugal for accession as new member states. The negotiations were completed by March 1, 1985, and the two states joined on January 1, 1986, ending a fifteen year period of continuous negotiations about new membership. The disruptive effect of expansion on efforts to deepen the level of integration among the existing members was alleviated. To prevent further disruption of this nature, a general agreement was passed denying new applicants membership until after the completion of the "Europe, 1992" reform program.

Finally, in early 1988, two controversial issues were resolved that had previously constrained cooperation. The EC Council agreed on measures to stabilize the cost of the Common Agricultural Policy and to provide adequate budgetary resources for the operation of the Community.

34. In an historical perspective, the EFTZ represented the enactment of the 1958 Maudling Committee proposal made within the framework of the Organization for European Economic Cooperation (OEEC), the first major post-war West European economic institution.

Thus, the launching of the "Europe, 1992" plan was facilitated and sustained by a configuration of economic and political forces and policy developments unique to the fourth wave.

V. PROGRESS BETWEEN 1985 AND MID-1989

In this section, a general discussion of progress made in implementing the ECSIM plan shall be presented. The discussion is based on an aggregate approach, and will focus on actions taken on the 1985 White Paper proposals. The discussion also is based on a review of the four annual progress reports issued by the Commission, and the December 1988 "midterm" report provided as mandated in the Single European Act.³⁵

The information presented in Table III should be viewed as rough approximations of the annual developments.³⁶ The table is based on data carried over from Table II and hand tabulations of data presented in the Commission's progress reports.³⁷

35. FIRST PROGRESS REPORT OF THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT, 1986 EUR. COMM. DOC. (COM No. 300) (1986) [hereinafter FIRST PROGRESS REPORT]; SECOND PROGRESS REPORT OF THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT, 1987 EUR. COMM. DOC. (COM No. 203) (1987) [hereinafter SECOND PROGRESS REPORT]; THIRD PROGRESS REPORT, *supra* note 22; FOURTH PROGRESS REPORT OF THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT, 1989 EUR. COMM. DOC. (COM No. 311) (1989) [hereinafter FOURTH PROGRESS REPORT]; COMPLETING THE INTERNAL MARKET: AN AREA WITHOUT INTERNAL FRONTIERS, 1988 EUR. COMM. DOC. (COM No. 650) (1988) [hereinafter COMPLETING THE INTERNAL MARKET].

36. FOURTH PROGRESS REPORT, *supra* note 35, at Annex No. 1.

37. The Commission has developed an extensive database of the ECSIM plan which records actions taken on each issue, but I have not yet had the time and opportunity to tap into that important source.

TABLE III: PROPOSALS PLANNED AND DECISIONS EXPECTED COMPARED TO PROPOSALS ACTUALLY MADE AND DECISIONS ACTUALLY TAKEN, 1985-1989³⁸

Year	Proposals To be Submitted	Proposals Submitted	Expected Council Decisions	Actual Council Decisions
1985	55	28	60	26
1986	49	42	69	29
1987	47	33	53	23
1988	18	21	36	38
1989	17	49	29	14
1990	8	1	25	
1991	5	0	9	
1992	0	0	9	
Total	199	174	304	130

Columns one and three are based on figures presented in Table II, and columns two and four are based on the progress reports. The totals vary because the 105 proposals which were introduced by the Commission before 1985 are not included. Furthermore, in 1986, the Commission made minor changes in the 1985 White Paper plan by withdrawing some proposals, grouping some together, and adding 20 new proposals. As a result, the total number of proposals was reduced from 300 to 279.

Although the Commission's performance fell behind schedule in 1985, it had almost caught up by the end of 1986 when 175 proposals had been put before the Council. By early 1988, 208 of the 279 proposals had been introduced, and by May 1989, 50 proposals remained to be introduced, 49 of which would be submitted before the end of 1989. Compared to the original time frame set forth in 1985, the decision making process is generally two years behind schedule because the Commission had estimated about 18 to 24 months from introduction to Council decision, which was supposed to be completed by the end of 1990. The member states would have been given two years to adapt their national laws and regulations to the new EC directives.

The Council of Ministers is even further behind the original

38. Data for proposals submitted and decisions actually made are based on progress reports dated Apr. 1, 1986 (for 1985), May 11, 1987 (for 1986), March 21, 1988 (for 1987) and May 20, 1989 (for 1988).

schedule. However, an encouraging step was taken in 1985 when the new procedure of the "rolling Presidency" was adopted. This new procedure required joint coordination of a one-year legislative program among the current Presidency country and the next two Presidency countries. Accordingly, Luxembourg, the Netherlands, and Great Britain committed themselves to steering 100 proposals through the decision making process before the end of 1986.

Nevertheless, the Council's decision making process was delayed by disputes over agricultural policy and the EC budget, and more importantly, by its preoccupation with the institutional reform that resulted in the SEA. The Commission viewed this period as a difficult "starting up" period.

As discussed earlier, the positive effect of the SEA was the classification of about two-thirds of the ECSIM proposals as issues to be decided by qualified majority rather than by unanimity. However, disputes over the proper legal base (i.e., unanimity or qualified majority) impeded the Council's performance during the first two years of the SEA. The authors of annual summaries of EC activities for 1987 and 1988 characterized the situations as follows:

The Single European Act did not come into force until 1 July. This year's [1987] Council provided plenty of evidence that few states yet accept it as a starting point. The slow progress of the internal market directives, especially those of a fiscal nature, the preference for legal bases requiring unity, the struggle over research money, the committee procedures . . . , and the systematic rejection of amendments from the Parliament, all point to an attitude of business as before.

Majority voting in Internal Market matters had given momentum [in 1988] to decision making after initial delays attributable to the two stage co-operation procedure. . . . However, national concerns still found their outlets. . . . The British and French supported the Greek right to invoke the Luxembourg Compromise. The Council consistently chose legal bases requiring unanimity, made little use of consultative committees, and wherever possible reserved delegated decisions for itself or groups of national officials. . . . The ECOFIN Council was unable to agree on the macroeconomic implications of the Internal Market.³⁹

39. Brewin & Mcallister, *Annual Review of the Activities of the European Communities in 1987*, 26 J. COMMON MARKET STUD. 431-33 (1988); Brewin & Mcallister, *Annual*

In its second progress report on May 11, 1987, the Commission complained that when the Council must decide specific issues,

the vision is lost and national and sectoral interests take over. The lesson to be learned, quite simply, is that Heads of State or Government must involve themselves in the successful completion of the Internal Market program and require their Ministers to respect what the European Council lays down.⁴⁰

The second major institutional reform in the SEA was also a source of delays. This reform changed the role of the European Parliament from a consultative to a co-legislative status on selected issues. The new "cooperation procedure" requires a two stage decision making process⁴¹ during which Parliament can amend "common positions" adopted by the Council, delaying decisions by up to four months. While the Parliament has been considered very supportive of the ECSIM plans, it also needs time to adapt to its new role. To help remedy the situation, the Commission called for better synchronization between the Council and the Parliament.

Lord Cockfield's "midterm report" issued on November 17, 1988, characterized the developments of the ECSIM program as having reached a stage of "irreversible momentum," but still in need of "a further impulse."⁴² On the basis of the most recent, fourth progress report issued by the Commission in June 1989, the actual stage of decision making can be summed up as follows:

1. The Council had adopted 127 proposals (six of them partially adopted). The technical barrier category accounted for 85 of them (or 67%) while only three proposals in the fiscal barrier category had been adopted. Of the 102 proposals before the Council, 30 required unanimity and 72 qualified majority voting. While issues requiring qualified majority voting had experienced rapid progress (especially in issues involving the new "standards" policy), there had been practically no progress on issues that required unanimous support among the 12 member states.

2. Twenty-four proposals were before the European Parlia-

Review of the Activities of the European Communities in 1988, 27 J. COMMON MARKET STUD. 323-25 (1989).

40. SECOND PROGRESS REPORT, *supra* note 35, at 25.

41. See *supra* note 21 and accompanying text.

42. COMPLETING THE INTERNAL MARKET, *supra* note 35, at 12-13.

ment in their first reading stage and nine were in the second reading stage, based on "common positions" by the Council.

3. The Commission had yet to submit 50 proposals to the Council (and Parliament), all but one of which would be submitted before December 1, 1989.

4. Of the 68 measures to be implemented by the member states, only two had been implemented by all 12 members. In fact, certain member states were building up a record of non-compliance with EC directives and regulations in several hundred instances.⁴³

In the broader context of the "Europe, 1992" plan, however, progress has been made in a number of important issue areas. The proposal for the Economic and Monetary Union, building upon the European Monetary System, will be implemented in three stages, the first of which started in July 1990.

The issues surrounding basic social and economic rights for workers (The Social Charter) were discussed in December 1989, and further action is expected in late 1990. Action is pending on a telecommunication policy and a policy on television broadcasts has been agreed upon. The problem of assuring that less developed regions and certain industries will not be hurt disproportionately by the restructuring of the EC economy has been addressed, and has led to a decision to double the "structural funds" which provide economic assistance to the Community's less developed regions. The new policy of European Economic Interest Groupings is in place, facilitating greater cross border ventures by small and medium sized businesses. A new policy on mergers and acquisitions has been implemented by the Commission according to its role as administrator of the Community's competition policy. Also, in November 1989, a new EC Environmental Agency was established.

VI. SUMMARY AND CONCLUSION

This paper has addressed the question of whether there are reasons to be confident that the current wave of reform of EC relations will succeed. The examination of that question was based in the comparative historical perspective of three previous waves of reform efforts.

In that comparative perspective, the configuration of supportive factors that have contributed to the launching of the

43. FOURTH PROGRESS REPORT, *supra* note 35, at 2-4.

"Europe, 1992" plans and that appear to be sustaining them now provide a far more solid foundation for success than earlier waves of intensive integrative dynamics. The first wave in the early 1950s was a momentary opportunity for rapid political transformation in Western Europe which was lost by the re-emergence of more conservative, traditional political forces in France.

The second wave between 1958 and 1965 provides a more directly relevant comparison to the current wave. The "Europe, 1992" plans have been based on a "super-package" of proposals by an assertive Commission similar to the approach used by the Hallstein Commission in the early 1960s. However, the comprehensiveness of the ECSIM program plus the "flanking policies," accompanied by a tight time frame of action encompassing the period of two commissions, is unprecedented in the history of the European Community.

Moreover, in contrast to the crisis of 1965-1966,⁴⁴ the ECSIM proposal was followed by the first major reform of the EC institutions in its history. The major changes in decision making brought about by the 1987 SEA were precisely the issues that led to France's decision in 1965 to boycott the EC for six months: qualified majority voting and a limited co-legislative role for the European Parliament. Instead of a politically stalemated Community, the ECSIM substantive policy proposals have become a central feature of the SEA within which no single state can block action on two-thirds of the ECSIM proposals. While implementation of this institutional reform is proceeding slowly, it is facilitating progress as the member states and the European Parliament adapt to the new approach.

Compared to the third wave in the early 1970s, the status of the European Community in the global political economy is now far better established than was the case during the two crises in the world economy twenty years ago. The EC has achieved a new identity as a regional actor in global economic relations. Hence, the EC's capacity to withstand the effect of a major change in the world economy is now qualitatively different from the situation that ended the third wave in the mid-1970s.

In sum, by 1990, the institutional reform is in place and its

44. See *supra* notes 5-7 and accompanying text.

implementation is progressing. The Community has achieved a solid identity as a major actor in the global political economy.⁴⁵

The current wave is characterized by specific economic and political factors. The economic factors include the mature customs union, the shared negative experience of the new protectionism in the 1970s and early 1980s, the shared perception of the challenge of American and Japanese competition, the action group of leaders of the giant economic enterprises in the EC, and the "cost of non-Europe" approach which has remained intact during the first half of the "Europe, 1992" time frame. In this context, the actions by the EC business sector and by international investors during the past five years have been based on an increasingly firm conviction that the "Europe, 1992" plans will be implemented. The investments, the mergers and acquisitions, the expansion plans made by EC and international businesses in the confidence of a single integrated market in the near future may, in fact, already have created an irreversible momentum in the private sector which will drive the governments and EC institutions to greater responsiveness to the demands for the necessary governmental and political adaptations.

The current wave's political factors are the inclusion of France in a coalition of Europeanist-oriented governments, the assertive Commission under President Delors' leadership, the new Political Action Committee, and an actively participating European Parliament which has been further reinforced by a very effective publicity campaign conducted by the Community and "Europeanists" organizations.⁴⁶

By 1990, however, the decision making process envisaged by the Commission in 1985 has fallen behind schedule by about two years. Whether the Council can overcome the inertia created by the reluctance of some states to adopt the qualified majority voting approach of the SEA as well as having to reach compromises

45. The major political reformation in Eastern Europe during 1989 may create a new volatile situation in European security relations similar to the formative years of the Cold War division forty years ago, but that is a subject beyond the scope of this paper.

46. This campaign apparently has been effective. By early 1989, a Eurobarometer report on public opinion showed that 75% of the general public in the EC had either heard or read about the "Europe, 1992" plans. These plans were considered a positive change by 62%, while 20% declared that they feared the expected changes. Perhaps more dramatically, 52% of the respondents now supported the formation of a "European Government." This has certainly created a "permissive consensus" for sustained actions in pursuit of reform. *Poll Shows Growing European Awareness of 1992*, EUROPE, MAGAZINE OF THE EUROPEAN COMMUNITY, June 1989, at 44.

on critical issues requiring unanimity remains to be seen. Without progress in expediting the Council's decision making process, the ECSIM program may be seriously distorted in terms of the logical "issue linkage"⁴⁷ that the Commission developed in its 1985 White Paper. Furthermore, progress in adopting the whole ECSIM program may also depend on the degree to which issue linkage will be developed with the "flanking policies," especially the plans for the monetary union and the "Social Charter."

Based on the internal dimension of the "Europe, 1992" developments, the plans for a new "Europe, 1992" are not reasonably expected to fully materialize until 1994 or 1995. This delay should not be too alarming, however, because as one analyst prudently has observed: "The Europe, 1992 plan is a process, not an event. Action will proceed at varying paces on the different issues, depending on their intractability and the strength of the political forces involved."⁴⁸

47. The ability to develop and maintain issue linkages was considered a critical factor for the neofunctional integration dynamic in E. HAAS, *THE OBSOLESCENCE OF REGIONAL INTEGRATION THEORY* (1975). A synopsis of Haas' monographic exposition of this argument is found in Haas, *Turbulent Fields and the Theory of Regional Integration*, 30 *INT'L ORG.* 173 (1976).

48. M. CALINGAERT, *supra* note 20, at 37.