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Fascinated by the Community

Eight years after expanding to the north, the EC has, with Greece's entry as of January 1, 1981, gone one step further in extending its bounds to the south. At spectacular talks eight years ago, the government and state leaders of the Community of the Six formally decided on the extension, completion and intensification of the Community. While it may be said that even those in favour of European integration were sceptical in their views on the entry of Great Britain, Ireland and Denmark, this scepticism was suppressed by the expectation and hope that now — after the country which should have been a member right from the beginning, namely Great Britain, had been added — the intensification and culmination of the Community could get under way, although the path to this objective was a thorny one.

Although the realization of these two targets has not made much headway, and mere extension is all that has been attained, the lack of a perspective similar to that prevailing eight years ago is today often lamented by engaged Europeans, such as Luxembourg's former foreign minister, Gaston Thorn, who heads the European Commission since January 6, 1981, as its new president. As far as this is concerned, there is certainly not much consolation in the words of French President Giscard d'Estaing that, in returning to Greece, Europe reminds one of that beautiful princess in Greek mythology who was abducted by the father of the gods, Zeus, in the guise of a tame bull, and who has lent her name to our continent.

Apart from the fact that this beautiful royal daughter came from Phoenicia, it will above all strike every sober observer that a peculiar antagonism exists in the EC between the reality of Europe as it is constantly experienced and the aspiration of the governments, and obviously of wide circles of the populations of the countries wishing to enter, for membership of this "community", whatever the price.

From an economic standpoint, Greece, for example, need not expect a great deal of positive results from its entry. Since it has been associated with the EC since 1962, additional export conquests for Greek industry are only likely through the EC-EFTA free trade area or in sectors, such as the steel industry, which have hitherto been excluded from EC liberalization. In return, Greece will, however, have to open its doors to competition not only from industrialized European countries but also from countries which have gained free access to the European market by virtue of numerous agreements. At the same time, EC law calls for gradual reduction of the subvention of Greek industry.

There is hardly any doubt regarding the fact that Greece is not strong enough to meet this pressure. Admittedly, the necessary structural adaptation process can be managed by means of appropriate policies, but it is not likely that the transition period of five years will be sufficient, because continual changes in energy prices also take their toll. In the case of the steel industry and the other sectors hitherto exempted, the core of the Community is itself in a phase of restructuring and capacity reduction with the result that Greece has hard times ahead.

Now, despite all industrialization success attained, Greece is still an agricultural country. In view of the price and sales guarantee for agricultural products institutionalized in the EC, one might expect that economic advantages await the new member in this sector. However, in this case, too, bitter disappointments are probably inevitable. The reason for this is a historical one. EC agricultural policy was conceived by the north Europeans for corn, meat and milk products, not leaving much space for wine, olives, citrus and other fruits and tobacco. Hitherto, a mere 15 % of agricultural expenditure by the Community

went on such products, and even without additional expenditure for this range of farm produce, the total revenue of the EC budget will be consumed in the coming year by agricultural policy. Without a drastic increase in funds, the agricultural policy of the Community will inevitably require reorientation. The newcomer is unlikely to enjoy the blessings of the old agrarian system for long. The negotiations concerning Greek agricultural prices for 1981 are enough to show with what rigour the north protects its interests. For the first year of its membership, Greece was near having to forego settlement completely.

What applies to Greece also applies in a similar manner to the other two countries candidating for entry, Spain and Portugal. Portugal is a member of the EFTA, and hence, like Greece, is associated with the EC. Spain has also signed a trade agreement with the EC, which has led to a reduction to 3.3 % with respect to Spain of the nominal rate of tariff protection. While the effective tariff is higher, additional chances to export are not likely to any great extent. On the other hand, all three countries will open their markets with respect to each other when they enter. Since their production structures are very similar both in their agricultural and industrial sectors, they will strike fear into each other's hearts.

Obvious economic advantages are not to be seen for any of the states entering. Since it is not to be assumed that the candidates for membership have taken the so-called dynamic effects of integration, which are rather vague and not quantifiable, as a basis for their petitions for admission, other factors must underlie their fascination with respect to the EC.

Despite the resignation and impatience of the inner-European public and of many a political leader, the EC seems to outwardly give the impression of a union to a greater extent than we imagine. Up to now, it has tread the boards as a union of states which was characterized by remarkable economic, political and social stability. Because of the relatively narrow structural differences between the member countries, the economic successes at the beginning were large enough to make it attractive for other countries. Of perhaps even greater importance is the fact that for reasons of favourable economic development throughout the world these successes continued long enough to allow a trusting relationship to emerge between the top leaders of the states involved. Mutual success then laid the foundation for group solidarity.

In this way, political cooperation without an institutional framework backing has become a branch of growth of the Community, despite all differences concerning detailed matters of EC internal policy. The Community speaks more often and more decisively with a single voice. For outsiders, this is political reality, no matter how long reconciliation and settlement procedures may take. The North-South-Dialogue and talks with the Arab world clearly show that this voice is being heard. It is naturally attractive to be a member of such a club which promises prosperity and prestige. A further point is, that upon entering, the countries can influence Community decisions, most of which they just had to accept prior to entering, irrespective of how important such decisions were for them.

This branch of political cooperation is still young, but it will, nonetheless, also have an effect on necessary decisions inside the EC, such as the revision of agricultural policy, the solution of structural problems in the iron and steel industry, the broadening of energy policy, the creation of a set of instruments for combatting foreseeable structural crises in other branches of industry (automobile, electronic, synthetic fibre and ship-building industries), and, last but not least, the provision of the Community with the budget funds necessary for carrying out an effective regional and social policy. These are the problems which need urgent solving. The expansion of the EC to the north, mentioned at the outset, has taught us the lesson that communication does not become easier with increasing membership. This is even more the case, when the structural differences are greater with respect to new member countries and when world economic conditions are becoming more and more difficult. Political cooperation and its growing success gives reason for more optimism than emanates from many of those in positions of responsibility.

Manfred Holthus