

A. van Agt, Towards an East Asian Community? Lessons to Be Learned from Europe?

## Policy Topics

### Towards an East Asian Community? Lessons to Be Learned from Europe?<sup>1</sup>

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Before the Second World War (WW II) virtually no one in Europe thought of associating a number of European states into a solid community. The concept of absolute state sovereignty reigned supreme, individual states did only mind their own business.

History made a miraculous turn when, after WW II, Europe set out for integration. Throughout the ages Europe had been a battlefield with a vengeance. Remember that both world wars in the 20<sup>th</sup> century started in Europe. Many European countries boast of a long and, guess it, glorified history. So integration was a bold idea indeed.

Why did that idea take root at that time? WW II had discredited the hitherto existing international order and, in the view of many, dishonoured the core element of that order, i.e. the absolute sovereign nation state. After the ravages and the horror of WW II there was a clamouring for a thorough reform. Never again war in Europe, people cried out. Let us create a family of nations with the arch enemies France and Germany at its core. Not just another loose grouping of states but a strong

association equipped with common institutions. And - this is the most striking feature of the project - states participating in this enterprise should cede some sovereign powers to these institutions. So states transferred parts of their sovereignty. Pooling of sovereignty became the name of the game.

So much about the forces from within. In addition, also external forces pushed the Europeans in the direction of integration. Shortly after the war the USA launched its Marshall Plan. America made huge funds available for the reconstruction of badly damaged Europe in order for its economy to recover. However, to these donations the condition was attached that the beneficiaries in Europe would spend the funds in coordination and cooperation. Therefore the OEEC (Organisation for European Economic Cooperation) was set up. Later that organisation was transformed into what became the OECD (Organisation for Economic Cooperation and Development) comprising not only European countries but also all industrialised countries of the non-communist world, including Japan.

Another external force conducive to integration in Europe was the threat posed by Stalin's Soviet Union. As early as in 1949 the North Atlantic Treaty Organisation came into being. The US then pressured the reluctant West Europeans into accepting Germany as a partner in that alliance. That has taken down psychological barriers and thus accelerated the formation of an integrating European club encompassing Germany as well as five European countries that had experienced German occupation or domination up to only recently.

This is why Europe's integration took off in the course of the 1950's. Is this story relevant for the implementation of a plan to establish an East Asian Community? It is a fair assumption

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that at least China, South Korea and Japan are indispensable for such an organisation to really function. Could these three countries, evidently key participants, be induced to tie up with one another to the extent of constituting a community worthy of that name? In Europe such an alliance of states could come into being due to a confluence of exceptional circumstances: an outcry for assured peace just after an horrendous war and a shared anxiety for an external threat. I don't think the integration process would have started then without these impulses. Maybe later, without an ideological motivation, but just for the economic benefits to be expected.

How did Europe's integration take shape over the five decades since its inception?

The European Community, later called European Union, developed by fits and starts, by twists and turns. A main feature of its development has been the enduring competition between two fundamental concepts. The founders aimed at creating a United States of Europe, a federation of sorts. But pretty soon that turned out to be utopian. The notion of intergovernmentalism reasserted itself forcefully, most notably after Britain and likeminded countries joined the club.

What emerged from the ongoing struggle between the concepts of federalism and intergovernmentalism is a curious creature, an amphibious structure in which both federalist and intergovernmentalist elements are incorporated. These diverging concepts amalgamated over the years into a rather queer entity, difficult to comprehend and unsuited to become and remain enamoured of, even for the citizens of Europe themselves.

This is one of the reasons why people in Europe do not care a lot about the EU. Indifference is now the prevalent attitude, in some countries even degenerating into disapproval. In a number of EU countries the initial enthusiasm

for Europe has given way to a revival of nationalism. Why? Peace is no longer regarded a treasure to be preserved and protected. Most people below my age don't have personal memories of war. Our prosperity is furthermore blithely taken for granted. So why should we, the thinking goes, subordinate ourselves to a meddling and bureaucratic organisation? This disapproving attitude became apparent when in France and The Netherlands a new treaty to reform the EU's institutional set-up was rejected in referendums.

All the same, I cannot conceive of our EU functioning properly without its federalist achievements. The introduction of the euro as a single currency is the latest of such achievements. The single currency is the guardian and the guarantor of the single market. Admittedly, not all EU member states have the euro. Some of them did not receive up to now an entry ticket to the eurozone as their economies do not yet qualify for participation. Others, however, do not want to join the euroclub. UK is the most spectacular example of this second category.

Acceding to the euroclub results in a considerable loss of national sovereignty. The Bank of England would no longer be in command of pound sterling. The euro is managed by the European Central Bank in Frankfurt. Decisions about interest rates as well as revaluation and devaluation are made above member states level. So relinquishing the national currency would amount to a substantial cession of sovereignty.

Even more important is the justice system in the EU. European Courts are empowered to declare void decisions taken by institutions of the Union which contravene European law. Should an institution of the Union fail to act, then this infringement of European law maybe established by the Courts. Furthermore the

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Courts are called upon to review the legality of decisions taken by governments of member states (or their failure to fulfil an obligation). If a member state trespasses against European rules, another member state or the European Commission can sue the violator and bring the matter before a European Court.

European institutions' decisions can in turn be challenged by a member state or even by European citizens or corporations. This justice system at supranational level is in my view the backbone of the European Union.

Proponents of an East Asian Community may have serious problems with the supranational or federal components of the European project. They may take comfort, however, in noting that Europe is moving, for quite some time already, away from federalism. They may moreover take into account that it took the Europeans a number of decades to come to agreement on the introduction of a single currency and that member states in Europe are free to keep aloof of the single currency zone. As for the European judicial system some structure of that kind needs to be put in place, as I see it, but it is not necessary to provide the East Asian Community with a judiciary as powerful as the one the Europeans created in their initial fervour for integration.

Pioneers of an East Asian Community can also be encouraged finding that the Europeans have been very successful indeed in integrating their economies, in particular by bringing about a single market without internal borders for goods, services and capital\*, but that the European efforts at coordinating and harmonising foreign and defence policy have yielded next to nothing. The EU is an economic giant but a political dwarf. In matters of foreign and defence policy unanimity is required. Therefore each member state has de facto a veto right, everyone can conduct his foreign policy just as he likes.

Another note on decision making is about opting out. As the EU enlarged its membership, getting to decisions became more cumbersome. The project took off with 6 member states, now there are 27. Deciding by unanimity on things that really matter has got almost impossible. Even reaching a decision by qualified majority is not rarely problematic. The EU has come to take resort to opting out. Member states that are unwilling to accept a proposal and could thus prevent this proposal being adopted can agree not to block it but to distance themselves from it. They refrain from voting against, thereby unblocking the road to a positive decision, on the understanding that this decision will not be binding for them. Britain has repeatedly used this escape, others incidentally.

Frankly speaking, in my view the EU has grown disproportionately. Too much widening, not enough deepening. Even in case the latest draft of a reform treaty were to enter into force, the common institutions will not be sufficiently equipped to run this complex association of close to 30 member states. The EU is on its way to develop into a sophisticated single market with some federalist trappings: economically impressive, politically a pitiful figure. The grand idea of a federal Europe has gone. In the event of East Asia starting to create a community, it will in all likelihood never entertain political ambitions let alone allow itself to become fascinated with federalist ideas.

## \* Note:

Economic integration is about more than removing border controls. A telling example of concomitant policies is the EU competition policy tackling state subsidies as well as cartels and abuse of a dominant market position.