

# EUROPEAN UNION ATTEMPT OF REGIONAL INTEGRATION

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## **Abstract:**

*The future for European Union and its citizens – what might happen? The quality of life for the Europeans is influenced by different areas. This paper concentrates on the possible human and political consequences of the enlargement. It deals with the future of the euro zone and its economic management, and it describes other policy issues and areas.*

The enlargement of European Union opened the door, firmly, to a partial and provisional immediate reform of the Community's institutions. It also gave new impetus to the deliberations of the European Convention.

Alongside these developments, the proposals made by NGOs (Non Governmental Organizations) on the quality of life in the future, tend to create a new framework for the future for Europe's citizens.

Consequently, I shall attempt to assess Europe's future in some of the following quite different areas:

- the quality of life for Europe's citizens — our rights, hopes, and realities
- the question of energy;
- the real implications of the enlargement process;
- the future of the euro zone and possible changes in the economic and monetary policies for the euro, notably for the Stability Pact;
- possible changes in other policy areas, and;
- the place of the European Union in the world — notably (but not exclusively with regard to the United States, and above all the type of Union we can expect — federation, governmental co-operation or confederation?

Nothing could be more important to European citizens than the quality of life. As you may have observed on numerous occasions, Europeans (through, of course, the taxes they pay) expect to have access to: free education, free health care, and lots of free time. To this list, could be added the fact that - in many countries - the citizens also expect to have access to affordable housing.

Despite the laudable nature of this list, there are other policy issues that have an important effect on the quality of life of our citizens. Probably no area influences the quality of life more than energy, and the policies associated with its production and use.

In this connection, the energy crisis of the 1970s was a heaven-sent opportunity for the Europeans. Overnight, we were forced to save on energy consumption: thereby, helping to protect the environment. We decided, also, to become more self-sufficient in the field of energy production. Now, at the time of writing, a number of crises and price elevation have entered the picture.

The scandalous and criminal break-up of the oil tanker, misnamed the Prestige, on the coast of Spain, and the criminal irresponsibility of the Spanish government in November 2002, demonstrated the grave inadequacy of European laws to protect our coastlines. It also demonstrated the danger of dependence on oil supplies. Equally, it places the European Union (and, indeed, China, India and other countries) in an unenviable position with regard to the United States, which appears to have an insatiable appetite for oil imports. Thus Europeans are faced with a number of options:

- they may consume less energy, and/or
- they may seek different (and hopefully more reliable) sources of oil and other forms of energy, and/or
- they may seek different renewable and more environmentally friendly sources of energy.

It is, therefore, of particular importance what Romano Prodi, the former President of the European Commission, have stated in October 2002: that the Union had set a goal of obtaining 22 % of its electricity and 12 % of its energy from renewable sources by 2010. To this end, the Commissioners convened a meeting of senior executives from major oil and automobile companies to advise the Union on the development of hydrogen fuel cells.

In a different but parallel area, in November 2002, the Commission published a major research agenda – including financing issues - to improve aircraft safety and reduce noise levels over the next 20 years. These acts done by the Commission suggest that there is an effort to improve the quality of life for Europe's citizens.

The agreement reached at the European Summit in November 2002 finally opened the door to the 'first wave' of ten candidate countries. It is not possible to emphasize enough the historic importance of this momentous decision. When, for decades, most of these countries suffered under the Communist yoke, few of them dared to dream that, within years of the fall of the Berlin Wall, not only would they become eligible for membership of the European Union, but that some would also join NATO! These are, then, glorious times, which nevertheless present both opportunities and challenges. I shall concentrate on the possible human and political consequences of enlargement.

The human consequences of this process cannot be emphasized enough. On one hand, we are about to welcome back citizens into their right full historic place in the European family; fellow Europeans who, in general, possess high levels of education. But on the other hand, we are running the risk of cutting off some Europeans from their traditional neighbors with whom they have had, for centuries, regular contacts. Here I refer to the traditional links between Poland and the Ukraine and Belaruss. Clearly, on humanitarian grounds alone, some special arrangements should be made for these countries. Indeed, Poland has already gone so far as to suggest that a special protocol should be added to the accession treaties, similar to that given to Spain and Portugal in the case of Latin America.

So, how do we see the future? There will be costs — we are not absolutely sure of the real extra costs for the CAP<sup>1</sup> and Regional Policy due to the enlargement process. Some of the candidate countries (especially Poland) were not satisfied with the accession conditions (notably, for CAP payments). Somehow, these concerns will have to be met. But on the positive side we shall dramatically increase the diversity and therefore the human wealth of Europe. Also, the diplomatic presence of the EU in the world will be increased. This, in turn, should give a greater impetus for the creation of a Common Foreign and Security Policy.

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<sup>1</sup> CAP – Common Agriculture Policy of the European Union, the most costing one, currently takes approximately half of the EU budget.

In all this, the question of Turkey's possible membership of the European Union has taken on greater urgency with the new government in that country possessing a clear parliamentary majority. Furthermore, Turkey's strategic importance led (in November and December 2002) the EU to put pressure on its accession into the Union. Also, to emphasize his country's strong commitment to join the EU, the Turkish Prime Minister passed laws through the Parliament, which he hoped would satisfy the Union's political and human rights criteria. I believe that once this important country has fulfilled all the Copenhagen criteria for membership, it should be admitted — thus strengthening the Union's strategic importance.

Portugal, Greece, Germany and France have been examined by the European Commission for their non-compliance with the 3 % GDP budgetary deficit rule. It was also somewhat bizarre in that Germany, the original architect of the Stability Pact, was criticizing its inflexibility. All these observations simply reinforced the critics on the Pact who had opposed the idea of "one model for all EU members". Thus, what should be done? Can the Stability Pact be made more flexible?

Without simply rehashing all the arguments, the present situation does give added urgency to (emphasis once again) the observation(s) that the European Union — or rather the euro zone — does not possess an automatic fiscal stabilizer policy (with automatic fiscal transfers). Thus, whilst waiting for this rather federal style evolution, what can and might happen at this moment?

Although, perhaps rather rudimentary, when examining the Stability Pact, one observes that countries may - so to speak - have made steps toward the reduction of their fiscal deficits. They could, for example, be given more time to do so. Also, probably of much greater importance, where a recession is imminent, countries could be allowed to use fiscal deficits for capital investment projects.

Looking, however, at the more international environment for the euro, it is going to expand, other countries are going to accept euro and join euro area. A number of the new EU members and candidate countries would eventually join.

The euro is already an attractive alternative to the US dollar. Furthermore, as the euro zone expands - and inside it a good economic, fiscal and monetary management is present - combined with the economic growth, the diplomatic strength of the EU will also grow.

Five policy areas are of immediate concern to us, all of which are currently undergoing changes, with longer-term modifications likely to be on the cards. These policy areas are:

- the CAP,
- competition policy,
- immigration,
- regional policy, and,
- the Single European Market (SEM).

Proposals for the reform of the CAP are still on the table. In 1991, the Council rejected - out of hand - Ray MacSharry's proposals for reform of the CAP, only to accept them a year later as the Community budget ran out of funds. If, therefore, as money runs short due to the enlargement process, proposals for reform will have to be contemplated.

In contrast with the CAP, there is much movement in the area of competition policy. As a gesture to silence his critics, Mario Monti, the former Commissioner for competition policy,

has already decided to delegate (or to return) some responsibility for policy to the EU Member States. However, the new Commission will be much more strict in its, already, strong controls over cartels. It will, henceforth, empower their inspectors to search the homes of company employees for evidence where cartels are being investigated.

In recent years, immigration has been a very hot issue in most West European countries. Fears about migrants have been heightened by the rise of extreme right wing parties in a number of countries. These fears, however, contrast with basic facts concerning the advantages of immigration, and the shortage of skilled workers in some countries, and static or even falling birth rates in some parts of the Union. And it is this shortage of skilled workers which is prompting some governments to issue temporary work visas for nationals of non-EU Member States. In view of the shortage of such workers, this policy is likely to continue.

The Union does, nevertheless, have a common policy regarding legal migrants. In the case of illegal migrants, the Commission made strong proposals for the adoption and implementation of a common policy in the field. These efforts are likely to continue. In all this, the accession of the candidate countries, with - in many cases - their educated and skilled citizens, will prove to be a much-needed injection of new blood for the Community.

Changes in regional policy are necessary in light of the immediate prospect of enlargement. But in December 2004 there were still no immediate signs of profound proposals for policy changes. However, once enlargement is a *'fait accompli'*, some changes have to be made. Once again, in the absence of changes in the mode of calculation for eligibility for regional aid, the Union will face two options — to give less to some current EU Member States (for example, the Republic of Ireland) and/or to increase the budget for regional aid. The latter proposal is unlikely to be accepted by, for example, the Netherlands and the UK.

In all this, it is essential that the EU makes more progress in completing the Single European Market (SEM).

It was finally agreed that the energy markets would be opened up in 2007. But, in contrast, the situation with the telecommunications market is unsatisfactory. The same applies to the completion (or lack thereof) of the European Financial Market and monetary unification. Furthermore, EU Member States are dragging their feet in applying SEM directives. The completion of the SEM will surely improve the standing of the EU as an international economic and financial powerhouse.

Finally, we come to two issues, which, to a large degree, are at the very basis of the European Convention:

- the place of the European Union, and,
- the type of Union we can look forward to — federation, confederation, with a possible right to secede, or union of co-operation between Member States?

I look forward to the European Union — *'par la force des choses'* — assuming a greater role in the world. In the economic and trade field, there are only two major players, the USA and the EU. In the social field, the Union is a beacon of light and hope for all.

As already observed, the euro — and its wider use at international level — will confer an even more important currency status on the Union. Likewise, the enlargement will give the EU greater strength in the international trade arena. Of increasing importance is the Union's acceptance of a greater military role for itself in Europe.

The EU itself has, now, agreed to create its own RDF (Rapid Deployment Force), and Messrs Chirac and Schroeder made additional proposals for the further enhancement of the EU's military procurement, although this last proposal was rejected by Mr. Blair. In all this, one most important factor in the military equation has frequently been overlooked, that is, Turkey's possible membership of the EU.

As the most important military power in Europe (in manpower terms) and as the most strategic bridge between Christian and Muslim Europe, the Turkey potential importance for the Union's future diplomatic and military role in the world cannot be overestimated.

But the Union's future role as a beacon of light and hope in the areas of human rights and social policy is its most enviable asset. The European Union, with its diverse cultures and peoples and the attractive policies, mentioned before, will be an example for attempts of regional integration in other parts of the world.

European Union enlargement of 2004, with its epoch-making nature, gives exceptional challenges and opportunities for its citizens. Ensuring democracy all over European continent for each citizen it brings to everyone access to equal exercising of his or her rights. This does not, of course, imply a sameness everywhere – it simply means accessibility; any citizen, for example, has access to a good education and to cultural amenities and health care, ... no more and no less.

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