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Europe

European Union: failure of the IGC - an aborted Treaty?

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The breakdown in December 2003 of the intergovernmental conference (IGC) that was supposed to approve the European Union (EU) draft constitutional treaty has brought out into the open the crisis of the project of neoliberal construction of the EU. This crisis has been in gestation since the Maastricht agreement of 1992.

It was then that the EU became the main instrument of the European dominant classes in the era of capitalist globalization. The “pioneer groups” or the “strengthened cooperation” of the two speed Europe, the neoliberal economic orientation linked to the euro, the reconstruction of the economies of central Europe to subordinate them to the dynamics of the single market - in other words, the central elements of the project -were defined then. But the project, with all the sacrifices that it demands from the working classes, did not enjoy the political legitimacy that would allow a sufficiently broad popular consensus for the construction of an institutional system with functions of supra-state regulation and governance.

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Approving Stability and the conditions of neoliberal restructuring in the single market through the Growth Pact, the Treaty of Nice in December 2000 provided a legal framework sufficiently broad to allow the extension of the EU to the new member states, without approaching in a definitive way the institutional problems and the question of the distribution of power. Nice opted for a transitional formula, to last until 2009, ensuring a parity vote for the four big member states (Germany, France, Great Britain and Italy), in spite of their demographic differences. Basing itself on the same logic, it granted an exceptional power of veto to Spain and Poland and significant concessions to the rest of the small member states. France's equal political role with Germany was recognized, as was the role of the Franco-German axis as the community's motor force. Great Britain excluded itself through its non-participation in the Euro, but the door was left open so that, after victory in the referendum promised by Blair, it will be able to join the Franco-German axis, and meanwhile can collaborate in the parallel development of a European power, in the areas of foreign policy and common defence. For Spain and Poland, the veto power obtained in Nice was the guarantee that the financial perspectives (the community budget) for 2007-2013 would be approved unanimously and they can continue receiving European structural aid, of which they are the main present and future beneficiaries.

The Constitutional Treaty

However, a combination of the European recession, the growing crisis of democratic legitimacy of the European institutions, aggravated by the plans for neoliberal reconstruction in the “Spirit of Lisbon”, the political paralysis of the Prodi Commission and the necessity for effective regulatory instruments to deal with the challenge of the USA, in an international framework dominated by inter-imperialist crisis (accentuated by the situation in the Middle East which would lead to the Iraq war), obliged the Laeken Summit of December 2001 to look for a new global framework for the community's functioning.

The Constitutional Treaty was to be the solution to the crisis gripping the EU. The dimensions of the challenge facing the neoliberal EU can be assessed by the ambitious scale of its preferred solution. A Constitutional Treaty - or simply a European constitution, as it was demagogically presented - would open anew all existing European agreements and put in question the entire hierarchy of interests established since Maastricht. Nevertheless, to control this process, the European dominant classes had faith in the capacity for political initiative of the French-German axis - which had replaced the Commission as the motor force in the construction of the community - through a reinforcing of the intergovernmental method, as well as in the capacity of cooption exerted by the structural funds to seduce

countries like Spain and Poland and the global institutional protection of the EU itself as guarantee for the small member states.

A Convention hand picked by the European Council, with an indirect representation of the European and national parliaments, was charged with preparing the draft Constitutional Treaty. The necessity to give a democratic appearance to this debate among cabals was prompted by the enormous democratic deficit implicit in the intergovernmental method. The operation of the Convention, with selective discussions, lack of voting and interpretation of supposed consensuses by Giscard d'Estaing, [1] ended up producing a draft Constitutional Treaty that, in practically confiding the functioning of the EU to the Directory of the big net contributor member states, lacked any consensus from the medium and small member states in various aspects.

However, it should be understood that the draft drawn up by the Convention - which basically reflected the agreements of the Franco-German Summit of January 2003 and the "red lines" imposed by Great Britain - could only propose a system of institutional functioning based on the double majority of states and population, despite having no mandate to alter the agreements of the Treaty of Nice. On the one hand because it was the only way to appear "democratic", and on the other because it ensured the practical functioning within the European institutions of the directory of the big member states, without the danger of medium sized member states wielding a veto in defence of their national interests.

Three recent experiences

It's worth recapitulating on the three most significant experiences the EU has had in the recent past. First, in the Convention itself, when Spain, in order to defend the veto power obtained in Nice, tried to construct a "rejection front" in relation to the proposal for the double majority from the Presidium of the Convention. In support, it enlisted the small countries (who were excluded from a permanent presence with right to vote on the Commission with the reduction of the latter to 15 commissioners), promising reciprocal support on other subjects, and Great Britain, which sought above all veto power in the areas of foreign, fiscal and social policy. The "rejection front" constructed by Spain was broken by Giscard and the French-German axis who made concessions to preserve an institutional functioning dominated by the Directory, but at an enormous political price.

The second was the war in Iraq and the rupture of the communitarian position with the open alignment of Great Britain, Spain and Poland with the policy of the Bush Administration, not only supporting combat operations, but providing it with political cover at the United Nations in opposition to France and Germany and their strategic ally, Russia.

The third important experience is the history of the rise and fall of the Stability and Growth Pact. Designed by Germany to force the whole EU to carry out neoliberal reconstruction and to maintain the firmness of the euro through a straitjacket of 3% for national budgetary deficits, the Pact became a recessionary policy that aggravated the recession of the European economies, whereas the U.S.A. devalued the dollar to win shares for their exports on the world market to the detriment of the Europeans. After a significant political erosion brought about by cuts in social expenditure (leading to the fall of the Portuguese socialist government and that of the "plural left" in France and threatening Schroder in Germany in 2003) it was obvious that France, Germany, Portugal and Italy could not stay within the margins imposed by the Pact, and that other member states could soon be in the same situation.

When the time came to interpret the Pact "flexibly" the finance ministers of these states (which together account for more than 70% of the EU economy) met with opposition from the other member states. Commissioner Solbes, who had become the guardian of neoliberal orthodoxy, threatened to impose penalties in the name of the principle of

equality of all member states. Aznar did not miss the opportunity to vindicate his strict management of the Spanish budget and its famous “zero deficit” and request that the terms of the Pact were inscribed in the Convention's draft constitution. The Franco-German axis decided that the interpretation of “flexibility” could not be left in the hands of people like Aznar and added that if Spain was doing so well, it did not need transfers from community funds, which increased the deficits of France and Germany.

The negotiations in the IGC

It is nonetheless strange that Chirac and Schroder arrived at the IGC in Brussels indisposed to make concessions on the question of the distribution of votes. The slogan was “better no agreement than a bad agreement” and they threatened to link negotiations on the financial perspectives for 2007-2013 with the constitutional question and, in case of deadlock, decided on an option of “strengthened cooperation” that would isolate and marginalize Spain, Poland and whoever wished to join them.

We should say that the system of voting is not the only subject at issue. In fact, as will be seen in the coming months, other relevant themes will be opened. Like the articles of the draft constitution on European defence, which are incompatible with the neutrality of several member states and could, for example, be defeated by referendums in Ireland or Austria. Or the problem of the composition of the Commission, in which the smaller member states demand representatives with voting rights. Or all the British “red lines” which would block any European-wide advance on the social front as well as in terms of essential areas like tax harmonization. It is not by chance that on all these subjects, as on the questions of common foreign and defence policy, Great Britain does not trust any system of voting other than unanimity.

But the voting system has become the key question because it summarizes the question of power in an intergovernmental process. With the Treaty of Nice, Germany, which contributes approximately 22% of the community budget and has 82 million inhabitants, received a quota of 9.2% of the vote, the same as France, Great Britain or Italy, with smaller populations and lesser contributions to the community budget. And two net benefactors, like Spain and Poland, each with half of the population, obtained 8.6%.

With the formula of the double majority of the Convention, extended to 50% of EU states and 60% of the EU's population, Germany's voting power rises to 18.2% and comes close to reflecting its contribution to the community budget. A decision made by three of the four big member states cannot in practice be blocked and this provides an incentive for a specific “strengthened cooperation” between the big member states, who will to a lesser extent be tempted by opportunistic voting coalitions with medium or small member states.

That capacity of governance and definition of “European interests” (that is, the interests of its dominant classes), independent of any democratic, communitarian or even intergovernmental institution with respect to other member states, is a key strategic element in the project of construction of a neoliberal EU. It reflects the evolution of the state in late capitalism, especially in the process of globalization and its autonomization of the advances of republican universal suffrage, a central slogan of the labour movement to impose its defensive demands. [2]

In press accounts of the debates in the IGC we see a stubborn resistance from the French-German axis (leaning on a broad coalition of small states, to whom it promised concessions in the composition of the Commission with up to 25 commissioners with voting rights) to any attempt to maintain the legitimacy of Nice on the part of Spain and Poland. Spain offered some compromise formulae that tried to maintain its veto capacity. Aznar tried to divide the French-German axis, suggesting that Germany's vote be increased from the 29 granted by Nice to 31, at the cost of the guarantees obtained by France in Nice of a status similar to that of Germany, the political basis of a

Franco-German permanent axis. Chirac opposed any such agreement. The other Spanish offer elevated the double majority to 55% of the member states and 70% of the population. Apparently the "magic formula" promised by Berlusconi was one of 50% of states and 65% of population, which did not ensure the veto capacity demanded by Aznar. In any case, France had already demanded a firm rejection of any proposal from Aznar as exemplary punishment for any attempt to break the Franco-German axis.

The presence of Polish Prime Minister Leszek Miller at the IGC, albeit in a wheelchair and with several damaged vertebrae following an air crash, was presented by the Polish press as an example of the firmness of the whole nation. Because everybody in Poland knows that the social and economic cost of EU membership is going to be enormous. [3] And the opposition in the Polish parliament, which has made harsh criticisms of the concessions made by the government in the negotiations, could not accept the loss of the voting powers won by Poland and Spain in Nice (nor probably, could sections of the governing Social-Democratic party). These voting powers gave Poland an effective right of veto during the negotiations on the coming financial perspectives, in which it hopes to obtain sufficient structural and regional funding to partially compensate for the consequences of membership. The risk if not is that social conflict, already fired by the reconstruction of heavy industry, will reach uncontrollable proportions and combine with a rural crisis that will become serious with the opening of Poland's agricultural market to community products. From the first moment Miller (unlike Aznar, whose position was shared neither by the opposition nor by a majority sector of Spanish public opinion) intended to return to Warsaw having blocked the draft constitution in the name of Nice (and, in a demagogic way, in defence of other smaller and symbolic Polish demands like the allusion to Christianity in the preamble to the constitution). The Spanish-Polish bloc in reality did not exist in Brussels. Miller did not want any compromise, whereas Aznar wanted a compromise that guaranteed the maintenance of the blocking capacity conferred on Poland and Spain by Nice, although with another formula.

The debate on the future of Europe

What hope for the neoliberal EU after the failure of the IGC? The practical effects of this failure are limited, although not its political consequences, which will be noticed for a long time in the European process of construction. The Treaty of Nice is valid until 2009. In the coming months the preliminary negotiations will begin on the financial perspectives for 2007; they will enter their decisive phase after the designation of the new Commission this spring and must end by mid-2005. The pressure on the Polish government will become unbearable. Aznar will step down in March before the Spanish general elections and, in case of victory, the new PP government of Rajoy will have no more room for maneuver than Aznar. Chirac has said publicly that the problem is with Aznar, not with Spain. If there are doubts on the price that Spain and Poland will have to pay in case they do not yield, it is enough to read the letter on the next European budget, signed by Germany, France, United Kingdom, Sweden, Austria and Holland - the net contributors - demanding it be limited to 1% of the EU's GDP (as opposed to the current 1.27%). The message cannot be clearer; in the new expanded EU community transfers to depressed regions through structural and regional funds will be drastically limited and the effects on Spain and Poland will be very harsh.

On the other hand, the threat to develop a nucleus of strengthened political cooperation with the founder member states and some new ones like the Czech Republic, Hungary or Slovenia is sufficiently real to be credible. From 1992, when the Maastricht Agreement was signed, "strengthened cooperation" has been a preferred method of advancing the project of European construction. A two speed Europe has been a reality since then and this will be more true after expansion, when the member states that participate in the Euro will be in a minority in an EU of 25 states.

The European Council has taken note of the failure of the IGC, but has determined it will try and overcome the disagreements at its March meeting, before the European elections of June 2004. The Irish Presidency of the EU will abandon for now the method of the IGCs and will instead attempt bilateral negotiations with each member state to try

to reach a magic formula sufficiently obscure so that its acceptance does not cause political problems to any member state. Spain will have to yield, in exchange for financial concessions (as was always going to happen) and Poland, isolated, will have to accept or place itself outside the new EU.

The European dominant classes will draw important lessons. They have always rejected any real democratization of the community institutions, determined as they are to preserve them as a pure instrument of class domination as opposed to the member states, which are subject to the “corporatist” pressures of the working class. The Convention's draft constitution, with some modifications in the composition of the Commission, will finally be adopted sooner rather than later, because the Treaty of Nice has shown itself not only insufficient for an expanded EU, but also in addition dangerous.

What lessons should the alternative left draw? In the first place, the crisis of the IGC has demonstrated that the predicted deep crisis of the UE is not a fantasy but something real. The intergovernmental method implies a formal logic of equality between states that is not compatible with governance in the interests of the European dominant classes, which demand that some states are more equal than others and can impose their hierarchy of values and interests on the rest. Faced with this logic, to support the French-German axis or the methods of the Directory in the name of the defence of the methods of governance of the neoliberal EU or the “national interests” of the medium states like Spain or Poland is simply suicidal for the left and the interests of European workers and peoples.

The alternative left has on the contrary to locate itself in a totally different field, that of the democratic and social refoundation of the European project, starting from a real citizenship that imposes its sovereignty on all European institutions and makes the European Parliament, chosen by universal suffrage, the axis of the centre of community decisions. Only a citizen-based, federal and republican logic can take steps to a European construction based on the interests of the workers and the peoples, without their becoming passive hostages of the mediation of the states and their bureaucracies. This other Europe is possible. [4] Moreover, given the present crisis of the European neoliberal project and its constitution it may be that this alternative Europe is the only one possible.

[1] For an analysis of the Convention and its debates, see G. Buster, “El futuro de Europa y la izquierda alternativa”, published in the electronic review “[Rebelión](#)”

[2] On this see the analysis advanced by Ernest Mandel in chapter 15 of “Late Capitalism”, Verso, London, 1999, although evidently he could not anticipate the development of international regimes and agreements as framework of capitalist governance under globalization.

[3] See Catherine Samary, “[What kind of new Europe?](#)”, IV 354, November 2003.

[4] For an alternative vision of the debate on the future of Europe see the political Resolution of the Portuguese Bloco de Izquierdas approved at its third Convention “Por una refundación Democrática de la UE” ([www.bloco.org](#)) and G Buster “Otra Europa es posible: un proyecto de Constitución alternativa” and “Carta alternativa de los derechos fundamentales de la UE” ([www.rebelion.org](#)).