

## TOWARDS AN ASEAN CHARTER

### Lessons from the European Union

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Some key points with regard to the European Union (EU) that ASEAN could make use of are as follows:

#### **1. Main Principle of Economic Integration**

- a. Integration had to be a positive sum game for all so much so that it would always be better for a member state to be in rather than out of the union. Politically: stronger influence and better possibilities to shape and implement domestic political preferences. Economically: higher and sustainable growth rate leading to a higher living standard.

Two defining instances can be listed such as in the 1965 incident concerning France (boycott of institutions for six months) and when Margaret Thatcher in 1979 demanded “money back” given the sentiments that Britain was financing the EU at too high costs without hopes of returns. In both cases the “recalcitrant” member state was accommodated by a special political and/or economic arrangement.

This underlines that the objective(s) for the integration applies for all, but special arrangements, i.e.,

of transitional nature can be agreed for one or more member-states. They all get there but not necessarily by the same road and at the same time. Looking at the state of the EU today, this is still the case. UK stood outside the Social Charter in the Treaty of Maastricht, several member states are outside the EURO and the Schengen arrangement regarding free passage at borders.

It is thus pertinent for the Charter to be drafted in such a way that such difficult situations do not occur.

- b. It was important for the organization to be a problem grinder. There must be common acceptance that integration is for the good of the member-states and for the population and that no problems are irrelevant. All member-states must come to the EU confident that their problem will be dealt with. And the population must feel that this is the case — the EU being relevant for them in their daily life and not only a political exercise at a high level or even worse an irritant.
- c. A visible political objective should exist. In the EU case, this includes the 1950s free trade to boost economic growth and to counter the threat posed by the Soviet Union. Later came the Single European Act, Single Currency and Enlargement. It should target a clear political problem that the people understand and feel is relevant. And it is advisable to highlight why these problems cannot be solved without the integration.

The failure of the proposed Constitution in two member states was precisely because politicians did not manage to get across to the population and explain why the constitution

was needed — they failed to communicate which political project demanded a constitution, what the existing treaties could not do.

## **2. Impact of Globalization**

On the one hand, there is a need to ensure that the organization's own goals as well as those of the nation-states would be non-contradictory to rules set by multilateral organizations such as the WTO. At the same time, it is necessary to be aware that actions of one country have important impacts on its neighbours, i.e., economic policies and environmental rules such as building a nuclear power station close to an adjacent member state.

Economic integration makes it possible for a nation-state to punch above its weight by letting the regional integration (EU as a case) put its position forward. On the other hand the integration imposes certain obligations that may work as constraints on the nation-state.

For the nation-state it is of vital importance to adopt an offensive approach taking an active role in international institutions to be sure that rules and decisions adopted by them are in conformity with its own interest. It thus pushes the burden of adjusting to international rules/decisions on other nation-states. At the same time it creates room for manoeuvre for itself, knowing that no domestic policies will run counter to the international set of rules.

The defence of the nation-state's room of manoeuvre to shape its domestic policies starts at the international negotiating table and not by national legislation being more and more eroded as a bulwark by globalization.

### **3. Clearly Defined Roadmap**

On how to proceed, the suggestion would be to proceed a step at a time. A roadmap would have to be clearly defined, starting from the basics before adding on in an incremental process. This would allow for changes and reversals.

The EU started with a customs union, a common agricultural policy and a common external trade policy. They were all visible and easily understood as steps to promote growth.

When tangible results are achieved the next steps can be taken.

The EU experience shows that of the so-called four freedoms — goods, services, capital, persons — goods do not pose much difficulties, services and capital are more difficult to handle, but it can be done, while freedom for movement of persons is a very sensitive issue.

In addition, so as to alleviate negative impacts, special instruments also had to be in place on several fronts such as provision of social funds, etc. Otherwise the disadvantaged member states and/or regions feel that they are left outside and deprived of benefits.

### **4. Decision-making Process and Institutions**

A choice between intergovernmental and supranational decision making had to be made — the latter would require the pooling of sovereignty and be a legally binding act.

The question of sovereignty was often misrepresented in the debate. Economic integration does not imply that member states abandon or lose sovereignty. They transfer sovereignty to exercise it in common with adjacent nation-states pursuing analogous political goals. By doing so they

adopt an offensive approach creating space for domestic policies and policies pursued by the group of nation-states forming the integration.

Again, this would be done in an incremental manner and while some parts remained intergovernmental, there are parts that go under a supranational decision-making process.

A well-defined, specific platform as well as a pilot project in a specific area should be taken up.

The most difficult step for the EU has been to engage the population and convince people that the EU institutions are not distant and far fetched institutions but institutions “for them”, where they are represented. EU institutions are still not regarded as part of the political life in the same way as the national political institutions. The result is a gap of confidence and lack of trust between the institutions and the European population.

The population still does not see or agree that the ultimate objective for the economic integration is to move the decision-making process to the same level as the economy. Goods, capital etc, have jumped out of the national context to operate internationally. Economic integration is basically an attempt to catapult the political decision making to the same level. That is why the key words are the same for the national decision-making: legitimacy, accountability and transparency.

The members of the Commission (in principle one for each member state) are nominated by the member states but pledge not to pursue national interest (the President of the European Commission has to be approved by the European Parliament after a debate about his programme — this is no formality). The officials of the European Commission are

recruited and promoted on merit. Every year exams rather like the Chinese mandarin system take place for candidates wishing to start a career as “eurocrats”.

## 5. **Building Trust**

It is of the utmost importance to build trust among the members. Feedback and proper representation of the population are also most necessary. In the 1970s and 1980s the Europeans created the foundation for what later became EUROLand by classifying national economic and monetary policy as a policy of common interest. Countless meetings were organized to map out a common approach and member-states looked to the EU for support when in difficulties.

Finally the 3 Cs, namely Coherence, Consistency and Continuity, are of paramount importance to ensure the smooth running of the daily work. The member-states must know the policies pursued by each other to prevent surprises undermining confidence and trust.