

**Whither The European Union?
On the French and Dutch Rejections of the EU Constitution**

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The European Union (EU) has been experiencing a serious setback in its effort to expedite the integration process in the recent month.

On the heel of its Eastern expansion, which has added 10 European nations as new members to the organization, EU succeeded in agreeing on a constitution treaty in Rome last October, aimed at making the bloc “more democratic, more effective and stronger”. The treaty needs the ratification from all its 25 EU members. Nine states have so far ratified the treaty. Both France and the Netherlands decided to hold national referendums on May 29 and June 1 respectively to decide on its acceptance. The results of both these two events, however, proved to be disastrous as majority of the electorates of the two nations rejected the constitution. What is more striking is that in both countries, the turnouts were so large (70 percent in France, and 62 percent in the Netherlands), and the negative votes so overwhelming (55 percent in France and 63 percent in the Netherlands) that the message out of the rejections were both clear and unmistakable. Given the fact that both nations are among the six founding members of European integration, and that France in particular is said to be the chief designer, primary engine, and the greatest beneficiary of EU, the veto by the public of the two countries suggests that something must have gone awry with the progress of the EU integration as well as the European domestic situation.

Analysts generally give two major reasons for the rather unexpected rejections.

First of all, while the European integration progressed with an astonishing speed, there is evidently a gap between what was designed by the European elites of business and politics and what can be accepted by the general public of many EU member states. The charter was designed to provide such trappings of statehood as a flag, a president and an anthem for what has largely been an economic bloc while creating a more integrated political entity of 454 million people with a bigger economy than America's—a remarkable feat to be achieved as an essential step towards the goal of building a European federation. But the idea has proved increasingly polarizing in France, with opponents worrying about loss of national control and identity to a stronger, unaccountable EU bureaucracy at the heart of a super-state. There also is anxiety about mostly Muslim Turkey possibly becoming an EU member. President Jacques Chirac, who suffered most from the repudiation by his people, said the vote “shows strong expectations, questions and concerns about the development of the European project.” The remark makes sense.

In the Netherlands, opponents said they feared their country, a nation of 16 million people, would be overwhelmed by a European super-state even though the Dutch pay more per capita than any other country into the collective EU kitty.

Thus in short, the rejections of the constitution do not really vote against European integration. Rather, they raise a serious question whether the integration goes too far and comes too soon.

Secondly, the “no” votes also reveal a strong disapproval by the average people of what the politicians in power have achieved or not achieved. What is most impressive is that debates about the constitution before the votes had often gone far beyond the charter per se. They involved almost anything related to the domestic policies of the governments. The referendum in France in particular has become a vote of confidence for President Jacques Chirac in person. The result shows that his policy is extremely unpopular, and the EU constitution became victimized. In the Netherlands, voters overwhelmingly rejected the European Union constitution not the least because they were worried about social benefits being neutralized and immigration out of control. They didn't trust the politicians either.

European leaders have now been rushed for the damage-control after the rejections by the two countries. The European Parliament President Josep Borrell Fontelles, Luxembourg Prime Minister Jean-Claude Juncker, whose country holds the current EU presidency, and President of the European Commission Jose Manuel Barroso made a joint statement right after the results of the Dutch referendum were known. At a joint press conference, they pledged that “Europe can find a way out in settling the ratification crisis of the EU constitution. We are confident that together and in partnership -- national governments, European institutions, political parties, civil society -- we will know how to find the means to move the European Union toward an enduring consensus as to its identity, its objectives and its means.” German Foreign Minister Joschka Fischer said EU leaders needed to analyze what went wrong, but said they should press on. “This is not the end of the process for the constitution and not at all the end of European integration,” he said.

Much, however, will depend on what will come out of an EU summit meeting to be held on June 16-17, at which European leaders will carry out a serious collective analysis of the situation, and discuss what to do next. The task is not simply to find a legal way out of the constitutional impasse but to rethink the direction of Europe, including plans for adding new members and deepening political integration. But whatever decisions made, it is no denial that great damage has been done to the European integration process, which has given rise to many uncertainties in the future situation. The following are particularly worth noticing:

- 1) How the “no” votes of France and the Netherlands affect the EU ratification

process in the future? This is the most immediate question as there are still 16 countries undecided with regard to the constitution. They have plans either to ratify the European constitution by holding the referendum or through legislature vote in the near future. The problem is that despite the urge of the EU leaders not to halt the constitution project, it looks highly unlikely that this ratification process will be going ahead as scheduled. There are of course countries that still have high hope of getting the ratification through. Latvia's parliament is expected to approve the treaty with a big majority pretty soon, meaning 10 members representing almost half the EU's 454 million citizens will have approved it. But others may be more problematic. Poland said it would decide how and when to ratify the constitution after the EU summit. It had planned a referendum in October, but the opposition has demanded a delay. The Czech Republic said it would seek an extension of the November 2006 deadline for ratification to give countries that vote "No" more time to reconsider. Luxembourg Prime Minister Jean-Claude Juncker has also voiced concerns about the July 10 referendum on the treaty in his broadly pro-Europe state after the Dutch "No." The critical nation will be the United Kingdom, which faces a decision on whether to suspend or go ahead with legislation to pave the way for a referendum. But if Chirac was unable to sell the constitution in France, many wonder how British Prime Minister Tony Blair can do it in the most "Euro-skeptic" of the big EU members. Against the backdrop, what seems most likely is pulling back for a "period of reflection," as called for by Blair. Among other options, the EU could postpone the November 2006 deadline for members to ratify the charter, buying politicians time either to try to promote the charter or decide what to do next.

- 2) Will the EU constitution become the dead letter? The situation seems also uncertain. According to the EU rules, if four fifths of the member states succeeded in ratifying the constitution within two years after the constitution treaty was signed, European council will meet to discuss how to deal with those nations which had failed to ratify the treaty. Two options were offered to these countries. They either do the ratification again or quit the Union. But neither looks like an easy solution and without devastating effects. For nations like France and the Netherlands to leave the EU would virtually mean the completely unraveling of the Union with a prospect of Europe going back to a scenario before the WWII. That is simply unimaginable. But to recast the vote is also extremely difficult if not impossible for the two countries. There are examples in EU history that a member state rejected a treaty by a referendum but was allowed to have a second chance to finally accept it in the end as happened when the Irish turned down an EU treaty in 2001, only to approve it in a second vote the following year. It is highly questionable, however, that history repeats itself in the current case. As one British analyst pointed out "To have such a very, very large turnout after the French vote but also to have such an overwhelming 'No' is really crushing for the constitutional treaty." He suspected if France or the Netherlands would say yes even if given the second chance. One suggested solution to get out of the dilemma is to revise the constitution itself by rephrasing the parts that fundamentally

acceptable to most electorates and taking out those too ambitious and too controversial. The approach seems appealing and more practical. Problems are the revision process would not only take long time, but may also cause political problems domestically in countries like Germany, which had approved the constitution with great effort, and would hate to reopen the issue.

- 3) Will the rejections affect adversely the EU economy? The question is also difficult to answer for the moment. One short-term disruptive impact surfaced is that the euro had fallen by nearly 10 percent from its level in mid-March, when markets began factoring in the possibility of national rejections of the treaty. And the downward trend seems to continue from all signs. However, many believe that the Dutch and French rejections should not alter the economic fundamentals underpinning the euro, despite the single currency touching a new eight-month low after the Dutch result. Thus, the euro should not most probably suffer lasting damage. But there are other problems of concerns. The rejections, for example, could be a blow to economic reforms in the blocs, crippling the EU ability to act in time. "The political uncertainty created will also hamper the efforts in Europe to introduce more structural reforms which are so very, very necessary", said Former European Central Bank chief Wim Duisenberg, "it will take us a couple of years at least to reassemble ourselves." Others are worried over the growing difficulty for leaders to reach a deal on the long-term EU budget, which has already become a challenging job because of a looming early German election. Dutch Finance Minister Gerrit Zalm signaled that the Netherlands would toughen its demands for a cap to the EU budget after the "No" vote and push for a cut to the Netherlands' per capita contribution, which is the highest of all 25 member states. More haggling seems inevitable.
- 4) Will France change its pro-Europe stance and become a maverick in Europe? This is going to be no small question as Paris has traditionally been the greatest contributor to and the political pillar of the European integration. There is no doubt that the rejection of the constitution by the French people carries more ominous meaning to the EU future development as well as to the domestic politics in France than the Dutch "no" vote. For France's rejection of the referendum on the European Union constitution was as much a rejection of Chirac's 10-year presidency and his policy. Indeed, it was even tantamount almost to a popular rebellion, a way of pouring their complaints and anger, which ranged from a broad array of sentiments, including fear among the French of losing their 35-hour work week and other comfy benefits before an onslaught of cheap labor from new EU members to the east; resentment of North African, Muslim immigrants; concern over swelling unemployment, which in France has reached 10.2 percent; resistance to letting Turkey into the EU; a perceived threat to French identity; fear of what critics styled "Anglo-Saxon" free-market reforms, and simply frustration with the impenetrable legalese of the constitution, etc. Meanwhile, the political ecology in France has also seemed to experience a dramatic earthquake, causing regroupings of different political forces across the spectrum, and redefining their new political orientations. The country is truly in disarray at least for some time to

come, which means the popular mood in Paris may be turned more inward-looking, nationalistic, and less interested in and capable of European-wide affairs. Heavy pressure seems accumulating on Chirac to change the course of his policy. Against the backdrop, Chirac shifted swiftly to damage control, replacing Prime Minister Jean-Pierre Raffarin with one of his closest allies, Dominique de Villepin, and bringing his popular political nemesis, Nicolas Sarkozy, back into the government. He also vowed to pay more attention to the national sentiments of the populace, taking job creation and putting back the economy on track as the top priority on his new agenda. But he would not relinquish his commitment to European integration. "This vote is not a rejection of the European ideal. It is a demand to be listened to. It is a demand for action. It is a demand for results," he said. Thus, all his responding actions show that he has little intention of shifting course in his final two years in office. But will he succeed and pull through this difficult time? Only time perhaps can give the best answer.

- 5) Wither the European Union as a result of all the above said accumulating uncertainties ahead? There are obviously two conflicting schools of views. Pessimistic viewers forecast the end of the European integration, or at least they believe that Europe would go into a sort of hibernation, deactivated in action for quite long time to come. But more people don't buy that alarmist fear. As a media analysis put it: "the EU itself is in no danger of collapse. The damage, rather, is to the dream of a continent that would continue to deepen its unity." True, the damage as a result of the rejections would stay. Europe may be well in for a prolonged period of reassessment and retrenchment, which is bound to be painful. Several pending EU actions are likely to be delayed or complicated, including efforts to finalize the next five-year budget. New members, especially those in central and Eastern Europe, are certain to resent the sense that they are perceived as a burden by older members, and membership negotiations with other countries particularly like Western Balkans, Ukraine and Turkey may be further delayed. The backlash will also make it even more difficult for governments weakened by the loss of confidence to pursue the economic reforms that their countries so urgently need. The votes also cast doubt on the EU's hopes for a stronger foreign policy. But it is also the time that European leaders may search seriously for ways to forge genuine, democratic bonds with their public. And if the leaders really believe in the European Union, it's time for them (or their successors) to show the courage of their predecessors and to draw their publics into an open and public debate on the benefits of integration, and on ways of making the Union stronger, broader and more democratic. The European integration process has never been a smooth sailing. Looking back over its course development over half a century, there have been several times that member states including France rejected an otherwise consensused important decision by the bloc, thereby leading to similar crises like today's within the community. But each time, the European nations demonstrated admiring wisdom, courage and tenacity in their joint efforts to overcome the seemingly inextricable difficulties and find out a solution. During the process, the EU has also succeeded in building an adequate institutional

framework that ensures its continued smooth functioning and manages their differences whenever they occur. So there is no reason to argue that the EU process will come to an end this time. More importantly, the evolution of the world situation will continue to provide the European nations greater incentives for them to close ranks because only a united Europe would serve as a major pillar of a multipolar world, capable of standing up to the U.S. and competing economically with the Americans and the rising Asian economic powerhouses like China and India. Regional integration is the only way out for Europe to live side by side with other members of the international community peacefully and keep prosperous. That belief is not going to be dismissed lightly.