

Establishing Supranational Institutions: European Lessons for a Unified Korea

Cheong Seong-chang

INTRODUCTION

The European Union (EU) represents a unique case among all the confederations. Despite the cultural and economical differences among the member states, a union was formed through a peaceful and gradual process. The EU case has provided useful guidelines for developing South Korea's unification plans, the joining of two states with vastly different political and economic systems. There have been numerous studies in South Korea about the process of European integration, but it is uncertain how successful the South Korean government and scholars have been in drawing helpful lessons from the European case.

In 1989, the Roh Tae-woo administration proposed a "Korean National Community Formula." Because the heterogeneity between North and South are too great for immediate unification under a single system, the plan proposed to build mutual recognition and pursue peaceful co-existence and prosperity by first establishing an interim Korean Commonwealth as an intermediate phase towards unification. The Roh administration's position on the unification

process was reinforced when the Kim Young-sam administration made a similar proposal, the National Community Unification Formula, showing that there was a national consensus to implement the intermediate phase of a Korean Commonwealth before ultimately establishing unification.¹⁾

According to the proposals of both the Roh and Kim administrations, the institutions to be established at the Korean commonwealth phase would be intergovernmental, with no mention of establishing a supranational institution. This absence of provisions for a supranational institution shows that while both administrations referred to the European model in drawing the framework for the commonwealth, they failed to understand the importance of having supranational institutions in a commonwealth. That the “federation of lower stage” proposed by North Korea in 2000 is institutionally closer to a confederation than the South’s commonwealth model and that the South Korean plan is in the pre-confederation phase indicate the need for re-evaluation of overall South Korean unification measures.

In this paper, the issues of confederation, national sovereignty, and supranational institutions in the process of building European integration will be briefly discussed, pointing out the importance of treaties and supranational institutions in forming a confederation. First, the paper will delineate the differences between supranational institutions and intergovernmental institutions. Next, the paper will discuss the role that treaties and intergovernmental institutions played as well as the foundation and reorganization of the supranational institution. Special attention will be given to treaties among nations because a treaty is fundamentally the most important basis of confederation. After looking at the development process of European integration, the paper will examine the key institutions of

1) Kim Kook-shin, “A Study on the Formation and Management of the Korean Confederation,” (in Korean), *Research Series 94-13* (Seoul: Korea Institute for National Unification, 1994), pp. 1-3.

the European Union and how they operate. In looking at these key institutions, it would be helpful to distinguish intergovernmental and supranational institutions and how they operate. In the conclusion, a brief but concrete list of suggestions presented by the EU case for the unification process of the Korean peninsula will be given.

CONFEDERATION AND THE EUROPEAN UNION: SOVEREIGNTY AND SUPRANATIONAL INSTITUTIONS

Confederation is generally defined as a union of nations in which the member states, while maintaining their sovereignty, establish an institution based on a treaty under which the member states are limited in exercising their full and exclusive powers.²⁾ A confederation is also defined as a union of nations in which the member states are bound by a treaty, by which they voluntarily delegate their sovereignty in certain areas for the common institution.³⁾ Both definitions illustrate that a confederation is established with a treaty and that all member states maintain their basic sovereignty while relinquishing some sovereignty to the common institution. In other words, a confederation is established not by simply endowing certain powers or rights to the common institution, but on the premise that some sovereignty will be delegated to the confederation.

Ideally, the foundation of and amendments to the confederation require a unanimous vote since all member states have sovereignty. Each member state also has the right to withdraw its membership from the confederation. Moreover, each member state has the right to veto a policy for the common institution when a unanimous vote

2) *Dictionnaire de Politique* (Paris: Larousse, 1979), p.65.

3) Maurice Croisat and Jean-Louis Quermonne, *L'Europe et le Fédéralisme* (Paris: Montchrestien, 1999), p.15.

is required.⁴⁾ The member states of a confederation delegate some of their sovereign powers to the common institution while retaining the means to keep the common institution in check. It is important to point out that while the confederation is regulated by the member states, it includes supranational institutions that are fundamentally different in nature from intergovernmental institutions. Unlike the intergovernmental institutions that could never develop into an international integration, supranational institutions, representing the interests of the community, have the potential to transform into a federal system. Granted, intergovernmental institutions are necessary to maintain a confederation and they perform the core functions of the confederation; however, there can be no confederation without a supranational institution. Therefore, this paper will focus particularly on how supranational institutions were established and reorganized in the European integration process. The paper will also focus on the drafting and revision of the treaties that played an important role in establishing supranational institutions.

The European integration represents an unprecedented case of different state governments peacefully delegating some of their sovereign powers to a common institution. Currently, through its supranational institutions, the EU is working towards protecting and promoting the common good, while the various interests of the member states are reconciled and coordinated through intergovernmental institutions. Because the EU has both the supranational element (or characteristic) and the intergovernmental element (or characteristic), one perspective sees the EU as “a quasi-federal confederation”⁵⁾ and another sees it as

4) *Ibid.*, pp.15-16.

5) Sohn Hee-man, “A Study of Development of Constitution for a Supranational Community in the European Union” (in Korean), *Review of International and Area Studies*, Vol. 8, No. 2 (Spring 1999), p. 82.

something between a confederation and a federal state.⁶⁾ There is no doubt that the EU has gone beyond a confederation and is heading towards a federal system. The supranational and the intergovernmental characteristics of the EU are no indication of the future direction of the EU since the two characteristics are essential elements for all forms of confederation. The more likely evidence of the prediction that the EU is going beyond the confederation is the predominance of the laws of the common institution over the laws and regulations of the member states, the government structure of the supranational institutions, however elementary, and the closer link between the policies of the common institution and those of individual member states.⁷⁾ While it is clear that the EU has gone beyond the level of confederation, the intergovernmental institutions still play a more important role than the supranational institutions in the administration of the union, and the powers delegated to the union by member states are still very limited. Therefore, the EU can be characterized as having a special form of union among nations with basically a strong confederate characteristic while leaning towards a loose form of federalism.

THE DEVELOPMENT OF THE EUROPEAN INTEGRATION

There may be several ways to discuss the development process of European integration. This paper will focus on the founding and reorganization of the supranational institutions, establishment of common policies at the confederation level, and drafting common laws through the conclusion and revision of the treaties on which the

6) Hahn Jong-soo, "The European Integration: A New Model for the Korean Peninsula Integration?" A paper presented at the Fall Conference of Korean Association of International Studies (October 12, 2002), p. 8.

7) See Maurice Croisat and Jean-Louis Quermonne, *op. cit.*, p.88.

confederation was founded.

The Treaty of Paris and the Inauguration of the ECSC

After the Second World War, Europeans felt a strong need for a European integration. Having experienced a great loss in both human and material resources and loss of status in the international community, Europeans realized the need for cooperation to promote peace and prosperity in Europe. In particular, preventing another outbreak of war became an important motive for European integration. Postwar economic cooperation among the Western European countries was carried out under U.S. influence. Under the U.S.-sponsored European Recovery Program, or Marshall Plan, for the restoration and economic reconstruction of the postwar Western Europe, the Organization for European Economic Cooperation (OEEC), the first European cooperative organ, was inaugurated to oversee rational distribution of U.S. aid. With the purpose of achieving cooperation and mutual agreement in distributing the U.S. aid, the OEEC came closer to being an intergovernmental body than a supranational one.⁸⁾

The move towards European integration through the supranational approach was first initiated in May 1950 when the French Foreign Minister Robert Schuman proposed that the production and sales of European coal and steel be “pooled” and placed under a common authority. This proposal, known as the Schuman Plan, became the basis for establishing the European Coal and Steel Community (ECSC) among those nations that had supported a European integration since 1940s. Belgium, the Netherlands, Luxembourg, and Italy became members along with France and Germany. The significance of the ECSC is that it was not an intergovernmental body like the OEEC but the first European

8) Kang Won-taek and Cho Hong-sik, *The Rebirth of Europe* (in Korean), (Seoul: Pureungil, 1999), pp. 36-37.

supranational institution whose member states delegated some of their powers to a specific common policy. The ECSC was an important turning point for Europe in that it provided a future direction towards a union of nations by which the Western European nations would achieve economic and political integration.

The Treaty of Paris that established the ECSC was signed by the six member states on April 18, 1951, and was subsequently ratified by the national parliament of each member state. By recognizing the supranational authority, the Treaty of Paris moved a step forward as an integration approach. Each member state delegated its authority in the area of coal and steel to the independent High Authority for six years while keeping the High Authority in check through the Council of Ministers and the Assembly. The Council of Ministers, composed of the ministers of each member state, functioned as the highest decision-making body of the ECSC, neutralizing the supranational characteristic of the ECSC. Moreover, the Assembly, composed of 78 representatives from the member states, was conferred with the power of censure over the High Authority. Another key institution of the ECSC was the European Court of Justice that ruled on the legality of the decisions and activities of the High Authority and provided a means to check the actions of each member state and to resolve disputes through interpretation of the treaty. The greatest significance of this organization is that it became the basis for the current European Union.⁹⁾

The Treaties of Rome and Establishment of the EEC and the Euratom

In May 1955, the Benelux governments presented a joint proposal to the other member states of the ESCS about promoting overall economic integration by creating a common organ for transportation and a common market for energy resources, in particular atomic energy. This proposal, introduced at an ECSC foreign ministers'

9) *Ibid*, pp. 38-45.

meeting in Messina, led to the creation of an intergovernmental committee that would propose the best ways and means to establish a common organization to promote reconstruction of the European economy. Because the committee was headed by Belgian minister of foreign affairs Paul-Henry Spaak, it is often referred to as the Spaak Committee.

The final report of the Spaak Committee, submitted in April 1956, recommended the establishment of the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). Accordingly, each member state moved forward with the negotiation based on the Spaak report and in March 1957, concluded the Treaty of Rome establishing the EEC and the Euratom. The Treaty entered into force on January 1, 1958.

The primary goal of the European Economic Community was to establish a common market based on free market principles. It provided for free movement of capital and labor and promoted both the elimination of tariffs within the Community and of restrictions on trade volume. The original plan under the Treaty of Rome was to eliminate tariffs among the member states of the EEC in three phases, with the projected date for final elimination in January 1970; however, elimination of tariffs within the Community took effect a year and six months early in July 1968, and from then on, the Common External Tariff (CET) was levied on trade with non-members.¹⁰ The CET is good evidence that the EEC is a more developed integration form than the ECSC.

Another remarkable achievement was the adoption of a common agricultural policy (CAP), which favors the implementation of centralized regulatory policies to establish common prices on agricultural products and to regulate production volume and prices. With the adoption of CAP, a common price system for core agricultural products and a common tariff system for agricultural imports were implemented, and the European Agricultural Guidance

10) A. Gautier, *La Construction Européenne* (Paris: Bréal, 2000), pp.55-56.

and Guarantee Fund (EAGGF) was established to help finance agricultural production.¹¹⁾

On the other hand, Euratom was not as successful as the EEC, there are several reasons for that lack. First, the major oil companies lowered oil prices in order to make atomic energy appear relatively unprofitable, diverting interest from Euratom. Second, the close association of atomic energy to the military also made cooperation difficult. In the end, the six nation states of the community failed to adopt common atomic energy policies, and Euratom failed to achieve integration in the atomic sector as a supranational community.¹²⁾

Consolidation of Common Institutions

With the establishment of the EEC and Euratom by the Treaty of Rome, there were now three European integration institutions composed of six member states, including the ECSC. Although each community functioned as a catalyst for integration in its own sector, overlapping functions and characteristics of some institutions made it necessary for consolidation. With the agreement on certain joint institutions, which entered into force at the same time as the Treaty of Rome, the three communities now had the Parliamentary Assembly and Court of Justice as common institutions. As the Merger Treaty was signed in Brussels in April 1965 and went in force in July 1967, a single Council and a single Commission was established. Henceforth, the three Communities became known as the European Community (EC). It is important to note here that what the Merger Treaty did was to consolidate certain joint institutions of the three Communities, and not consolidate the three Communities into a single community called the European Community. Even though the single term “the European Community” is used to refer to

11) Kang Won-taek and Cho Hong-sik, *op. cit.*, pp. 52-57.

12) Pierre Gerbet, *La construction de l'Europe* (Paris: Imprimerie Nationale Editions, 1999), pp.228-231.

the three Communities, the existing three Communities continue to exist as separate corporate bodies.¹³⁾

At the Hague Congress held in early December 1969, the heads of the six member states discussed enlargement and strengthening of the European Community, and the number of member states increased to nine when Britain, Ireland, and Denmark acceded in 1973.¹⁴⁾ Moreover, the authority of the European parliament on budget expenditure was expanded, a point that the French government had opposed, and definitive arrangements for regulations on finances regarding the common agricultural policy were adopted. By this decision, the European Community, which had relied on member states to share expenses, obtained its own resources, thus enlarging its autonomy as a supranational common institution. The plan for monetary union that ultimately led to the adoption of the single currency system today was first introduced in the Hague Congress.

Upon the proposal of French President Valery Giscard d'Estaing, the summit meeting of the European Community was held in Paris in December 1974, in which the heads of state came to an agreement on two important matters: to hold regular meetings of the European Council and to elect the members of the European Parliament through direct vote. By deciding to hold the summit conference of the European Community every three years (it was later changed to twice a year in 1985), the European Council, an intergovernmental institution, became the highest decision making body of the Community. The 1979 election of the European Parliament was significant in that the members of the Parliament were elected directly by the citizens of Europe, establishing the European

13) Kim Dae-soon. "European Community or European Union? From Paris to Amsterdam," (in Korean), *European Studies*, Issue 10 (Korean Society of Contemporary European Studies, 1999), pp. 229-230.

14) Huh Man, *The Politics of the European Integration: Great Planning for Umbrella Government* (in Korean), (Pusan: Pusan University Press, 1998), p. 125.

Parliament as a supranational authority. However, despite the implementation of universal suffrage, voices of concern about expansion of authority of the European Parliament from countries such as France and England denied the Parliament any real powers.¹⁵⁾

In October 1977, after undergoing the currency and economic crisis of the early 1970s, then-president of the Commission, Roy Jenkins, proposed the adoption of the European Monetary System (EMS). At the European Council meeting in Bremen in July 1978, the heads of state of the European Community agreed to establish a European Monetary System, which is based on the European Currency Unit (ECU) and Exchange Rate Mechanism (ERM). Basically, the EMS was intended to increase commerce within the EC as well as with countries outside the Community by maintaining stability in exchange rate and currency, but it also had the vision of raising the status of the European currency to an international currency: to be a counterpart to the U.S. dollar and to achieve the complete monetary union of the EC.¹⁶⁾

Completing the Single European Act and Single Market

Soon after his inauguration as the president of the European Commission in January 1985, Jacques Delors presented a recipe to galvanize the European Community's economy by establishing a single market. In order to achieve a single market for the Community, Delors called for elimination of all technical, financial, and physical obstacles in the internal market. At the meeting in Milan in June 1985, the European Council (against opposition from England, Greece, and Denmark) accepted Delors' plan. The Council decided to hold an Intergovernmental Conference (IGC) in order to draft the Single Act with the goal of revising the Treaty of Rome and

15) Kang Won-taek and Cho Hong-sik, *op. cit.*, pp. 72-73.

16) *Ibid.*, pp. 75-76; Dominique Hamon and Ivan Serge Keller, *Fondements et étapes de la construction européenne* (Paris: PUF, 1997), pp.267-276.

to change the political cooperation among the member states into the form of a treaty. After several Intergovernmental Conferences, the Single European Act (SEA) was signed by the European Council in Luxembourg in 1985 and went into force on July 1, 1987, after ratification by the parliament of each member state and passage by public referendum.¹⁷⁾

Referred to as the Single European Act, it aimed to establish a Community without borders in which people, goods, capital, and services would have full freedom of mobility. In other words, to complete the EC into a single market, the Single European Act stipulates strengthening cooperation among member states and eliminating various trade barriers and restrictions set up by each member state. Among the articles of the Single European Act, one remarkable change was the introduction of weighted qualified majority voting.¹⁸⁾

THE MAASTRICHT TREATY AND INAUGURATION OF THE EUROPEAN UNION

The debate on the measures for European integration, which has made significant progress since the adoption of the Single European Act, spells out the following key objectives: completing economic integration through a conversion to EMU and achieving political integration through the Common Foreign and Security Policy (CFSP) and cooperation on judicial and domestic affairs. The realization of the economic and monetary union, the first pillar of the European

17) Lee Jong-kwang, *The Ideal and the Reality of the European Integration* (in Korean), (Seoul: Ilshin-sa, 1996), pp. 77-79.

18) The system of weighted qualified majority voting, a system in which a proposal is passed when over 71 percent of the total votes are in favor, was introduced to harmonize the interests of each member state and the policy and administration of the Community, allocating a certain number of votes for each member state according to its size and population.

Union, signifies the completion of an economic community, a goal pursued since the founding of ECSC. The CFSP, which constitutes the second pillar, aimed to raise the status of the European Union in the international arena by consolidating the Community's position on foreign and security issues and to exercise political and diplomatic powers corresponding to its economic powers. The cooperation on judicial and domestic affairs, which constitutes the third pillar, was proposed in order to deal with refugees, drug trafficking, terrorism, money-laundering, and other similar issues that require concerted efforts of the member states. The plans for integration that included the three pillars for the European Union, known as the Maastricht Treaty, or the Treaty on European Union, was adopted at the meeting of the European Council in Maastricht in December 1991, and went into force on November 1, 1993, after it was signed by the European Council and ratified by each member state.¹⁹⁾ With the Maastricht Treaty in force, the European integration underwent a qualitative transformation, from a community to a union. Moreover, the European integration that had been limited to economic areas now extended to judicial and domestic affairs, and to foreign and security areas.²⁰⁾

The economic and monetary union, agreed to under the Maastricht Treaty, was established in three phases. The first phase, from January 1990 to December 31, 1993, was the period for preparing and implementing the Single European Act. The second phase, from January 1, 1994 to December 31, 1998, was for laying the technical foundation necessary for the transition to single currency system, such as stabilizing prices, strengthening the public finance, and observing the fluctuation rate of the European currency system. The third phase, starting from January 1999, was the period in which those member states that had met the requirements could enter into the single currency system of the

19) Christian Hen and Jacques Lonard, *L Union européenne* (Paris: La Découverte, 1999), pp.38-39.

20) Kang Won-taek and Cho Hong-sik, *op. cit.*, pp. 80-81.

euro. That was also the time to establish the European Central Bank (ECB) to oversee the administration of the European monetary policies independent of individual member states. With the exception of Britain, Denmark, Spain, and Greece, eleven member states out of fifteen in the EU inaugurated the system of a single currency in January 1999. On January 1, 2002, the European integration entered a new phase with the circulation of the euro.

At the Laeken Summit in 2001, the European Council, which had convened for the purpose of making institutional reforms in preparation for the scheduled induction of Eastern Europe to the EU in May 2004,²¹⁾ decided to enact a Constitution of European Union. To that end the Convention on the Future of Europe opened on February 28, 2002. The Convention spent about 17 months preparing a report on enacting a Constitution, finally presenting it at the Thessaloniki European Council in June 2003. With the European Council's presentation of the Draft Constitutional Treaty in July of the same year, the EU entered an experimental phase of the new supranational democracy in the era of post nation-state.²²⁾

KEY INSTITUTIONS OF THE EUROPEAN UNION

The key institutions of the EU can generally be divided into two groups: intergovernmental and supranational. The European Council and the Council (or the Council of Ministers)²³⁾ represent the

21) With 10 more new members to the EU scheduled for May 1, 2004, the number of member states of the EU will increase from 15 to 25.

22) Lee Ho-geun. "The Significance of the Enactment of (Draft) Constitution of the European Union," *Current Issues & Policy*, August 2003 (Seongnam: Sejong Institute), pp. 14-18.

23) Some believe that the word "Council" refers to both the European Council and the Council of Ministers; however, there is a clear difference between the term in this usage and in the Treaty of European Union. In the Maastricht Treaty, the

intergovernmental institutions while the European Commission, European Parliament, European Court of Justice, and European Court of Auditors represent the supranational institutions. The Treaty of Rome, which established the European Economic Community, conferred the European Commission with the power to introduce a bill, the European Parliament with the advisory function, the Council of Ministers with the legislative function, and the Court of Justice with the power to interpret laws. Although the European Community has the same administrative, legislative, and judicial functions found in a sovereign nation, it is different from a sovereign nation in that the legislative power rests with the Council of Ministers while the European Parliament has only a consultative function.

Intergovernmental Institutions:

The European Council and the Council of Ministers

The European Council (composed of the heads of member states of the EU) and the Council of Ministers (composed of ministers of various areas of administration), the two intergovernmental institutions guiding the key objectives of the supranational institutions, play a key role in deciding the major policies of the EU.

(1) European Council

The European Council, the most powerful organ with the power to make policies, consists of the heads of member states of the EU, and is sometimes referred to by the media as the summit conference. According to the Maastricht Treaty, the Council has a major role to play in “providing impetus for the development of the European Union and general policy guidance in every area of Union activity,” which clearly confers the European Council with a leadership role. It

term “Council” is clearly differentiated from the European Council but used interchangeably with the Council of Ministers.

is the function of the European Council to expand and substantiate European integration and, in particular, to draw consensus by settling differences in opinion of the member states on issues that cannot be settled by the Council of Ministers.²⁴⁾ The decisions made by the European Council are executed by the Council of Ministers and the European Commission. The Maastricht Treaty stipulates that the European Council submit to the European Parliament a report on its meetings and an annual report on the progress achieved by the Union,²⁵⁾ and with no other requirements or stipulations, the Council enjoys greater autonomy than other organs of the EU. The European Council is composed of the heads of state or government of the member states of the Union and the President of the European Commission. They are assisted by their ministers of foreign affairs (the prime minister in the case of France) and by a member of the Commission. The Council convenes at least twice a year and is presided over by the head of state or government of the member state holding the presidency of the Council.²⁶⁾ The president of the Council acts as mediator to resolve differences of opinion among the member states to reach consensus and represents the European Union during its term. Each member state presides in turn over the Council for a period of six month based on pre-established rotation schedule, and the Council generally convenes in June and December, in the country of the president whose term has come to an end. The Council also convenes in case of an urgent matter.²⁷⁾

(2) Council of Ministers

Along with the European Commission and the Parliament, the Council of Ministers (or the Council), which consists of ministers of

24) P. Fontaine, *La construction europeenne de 1945 à nos jours* (Paris: Seuil, 1996), p.41.

25) Ministry of Justice, "Treaty on European Union," *Integration System of the EU* (Seoul: MOJ, 2000), pp. 328-329.

26) *Ibid.*, pp. 328-329.

27) Kang Won-taek and Cho Hong-sik, *op. cit.*, pp. 104-108.

each member state, is the decision-making body of the Union. The Council of Ministers is the legislative body of the Union with the right of decision on all legislative bills except for ordinances and regulations, which are decided by the European Commission. The Council of Ministers are further divided into the General Affairs Council, composed of ministers of foreign affairs, and the Special Council, composed of ministers of relevant areas of specialty depending on the agenda.

Along with pending diplomatic issues, the General Affairs Council is responsible for making decisions on more general issues, such as treaties between the Union and other countries. In addition to the General Affairs Council, there is a Special Council, composed of ministers relevant to issues at hand, which handles agricultural, financial affairs, commerce, environmental, labor, and other affairs pertaining to specific fields. The ministers of agriculture and of finance meet regularly once a month, while other ministers meet at unspecified times. The General Affairs Council, in charge of coordinating the tasks for the Special Council, convenes every month except August.

Unlike the European Commission that represents the interest of the Community as a whole, the Council of Ministers, whose members represent their own governments and states, is restricted in certain activities. As a rule, the Council cannot introduce a bill but can act on only a proposal from the Commission. Also, based on the Treaty on European Union, which went into force in 1993, the European Parliament now has some legislative powers through a co-decision process; however, this legislative power of the Parliament does not encroach upon the Council's prerogative position in the decision-making process. In fact, the Council continues to occupy the dominant position in terms of legislative function.

*Supranational Institutions:
The European Commission and Other Bodies*

(1) European Commission

The European Commission, based in Brussels, was established by combining the ECSC, EEC, and Euratom. The Commission carries out some administrative functions in the Union in that it prepares legislative proposals for the Council to decide on, and is responsible for implementing the decisions made by the Council. Unlike members of the Council of Ministers, however, the members of the Commission have more independence and do not take directives from their respective governments. The Commission does not represent the government or the state of the individual member; rather, its function is supranational. Its main objective is to work toward the common interests of the Community.

Currently, the Commission consists of 20 commissioners: two commissioners come from each of the five most populated member states (France, Germany, Britain, Italy, and Spain) and one from each of the rest of member states. The Commission serves a renewable five-year term. The total number of commissioners can change by unanimous vote of the Council. The Commission oversees several different areas of jurisdiction, each of which has a corresponding administrative office called the Directorates-General, located in each member state, that manages relevant tasks.

The president of the European Commission, who serves a renewable five-year term, is nominated by the Council and appointed after confirmation by the Parliament. The commissioners, on the other hand, are appointed when the Council and the president of the Commission come to a consensus on nominations. The Commission in its entirety must be approved by the Council, and all members of the Commission are removed collectively from the office if the Council passes a non-confidence resolution.²⁸⁾

28) Yves Doutriaux and Christian Lequesne, *Les institutions de l'Union européenne*,

(2) European Parliament

The European Parliament is the first and only experiment in supranational democracy. There is no other institution like the European Parliament, in which members are elected by direct election in each nation, which transcends the interest of any particular member state, and whose scope of authority and decision-making power stand above those of the individual member states. Despite being scattered (the monthly plenary session in Strasbourg, Parliamentary committees in Brussels, and the Secretariat in Luxembourg), for Europeans the European Parliament remains the symbol of European integration. The direct election of members of the European Parliament was expected to bring Europeans together in the policy-making process and to lend greater legitimacy to the Parliament; yet, the Parliament still ranks quite low among the other EU institutions.²⁹⁾

The European Parliament can reject a legislative bill approved by the Council in 15 policy areas, and has the right to make co-decisions on important issues. The Maastricht Treaty conferred the Parliament with more powers than ever before, expanding its power of influence. The Parliament must participate in all decision-making, including treaty revisions, planning the annual budget, and monitoring and approving how the budget is handled by the Commission. The Parliament is also involved in the election of the president of the Commission. However, the European Parliament's power of influence is less than that of the individual member state's parliament because its legislative role is passive compared to that of the Commission.³⁰⁾

4^e édition 2001 (Paris: La documentation Française, 2003), pp.55-57.

29) Choi Soo-kyung, Cho Myung-hyun, and Park Jae-jeong, *Integration Politics of Europe* (Seoul: Jipmoondang, 1997), pp. 65-77.

30) Yu, Im-soo. "A Thought on the Concretization of the EU and the Policy for Expansion." *European Studies*, Issue 8 (Korean Society of Contemporary European Studies, Winter of 1999), p. 304.

(3) The European Court of Justice

Established in 1952 under the Treaty of the European Coal and Steel Community (ECSC), the European Court of Justice contributed significantly to establishing the strong legal foundation of the Community. Based in Luxembourg, the Court's major role is to ensure the EU laws are properly applied, while ruling on the interpretation and application of the Maastricht Treaty as well as of various EU laws. Since Austria, Finland, and Sweden's accession to the EU in 1995, the Court is now composed of 15 judges³¹⁾ and 9 advocates-general. The judges of the European Court of Justice serve a renewable term of six years, as agreed by the member states, and they have complete autonomy and guaranteed rights.³²⁾ The advocates-general are appointed by the member states to the same six-year term and are also guaranteed the same autonomy and status as the judges. Their role is to assist in the smooth operations of the Court and to present to the judges reasoned opinions on the cases brought before the Court.

Since a case must be brought before the Court for trial and ruling, the role of the Court is of great importance to the Community. By its very existence, the EU becomes a Community of law with a unitary legal system. It is not only the ultimate guardian of the basic laws of the Community, but also, through its power to rule of a case, the Court seeks to set new precedents in EU law. In other words, since the Court's rulings are final, its judicial precedents become part of the EU's legal system.

(4) European Court of Auditors

The European Court of Auditors oversees expenditures and management of the EU budget. Since each EU institution, as a supranational body, sets its own budget separate from each member

31) Each member state appoints one judge to the Court.

32) Philippe Moreau Defarges, *Les institutions européennes*, 6^e édition (Paris: Armand Colin, 2002), p.55.

state's, the auditing institution for expenditures of EU institutions should also be a supranational body. The Court of Auditors was established by the Treaty of Brussels, signed on July 22, 1975 and went into force in 1977. Under the Maastricht Treaty, it became an official EU institution on November 1, 1993. Official establishment of the Court of Auditors was part of stepping up regulations on the management of the EU budget. With the expansion of institutions and increased activities of the EU, it was urgent to create a more efficient auditing system to manage the growing budget. The Court's main functions are to manage the efficient and appropriate use of the public funds, sound financial management, and correct implementation of the budget.

CONCLUSION:

EU LESSONS FOR THE KOREAN UNIFICATION PROCESS

The relations between North and South Korea since the Korean War have been characterized by hostilities based on conflicting ideological and political systems. However, an enduring national consciousness shared by on both sides of the DMZ led to the historic inter-Korean summit in June 2000, and opened the possibility for peaceful co-existence, reconciliation, and cooperation. Just as the "European consciousness" has been an impetus for European integration, the Korean "national consciousness" may be an accelerating force for national integration.

Unlike member states of the EU, the two Koreas have irreconcilable ideological and political systems as well as a significant gap in their economic power. Yet, since the 2000 inter-Korean summit, North Korea has eased its hostilities against the South and has become more open to undertaking economic reforms. Accordingly, it would be advisable to establish an intergovernmental body by holding regular summit meetings and ministerial talks, and then lay a foundation for future political integration by first

establishing supranational institutions in the economic area. If North Korea shows an earnest commitment to promote economic reform in the near future, the two Koreas would be able to work towards both long- and short-term economic integration similar to the European case. Since the South Korean economy is far more advanced than the North, South Korea's assistance will be indispensable in rejuvenating the North Korean economy to make progress in economic integration. However, if South Korea's aid to the North is only to relieve North Korea's food shortage, and not to reform and rebuild the North Korean economy, efforts will fall short of creating an inter-Korean economic community.³³⁾

North Korea, now on the verge of bankruptcy, hopes to attract South Korean investments as well as foreign capital into the Kaesong industrial complex and the Shinuiju special economic zone as part of its effort to rebuild the crumbling economy. South Korea, on the other hand, is setting up factories in China and Southeast Asia in search of cheap labor to cut production costs. If South Korea could utilize the relatively cheap labor of the North, it could lead to a model of economic cooperation that would benefit both Koreas. Until recently, inter-Korean economic cooperation was hindered by differences in economic mechanisms; however, a major obstacle was removed with North Korea's partial adoption of a quasi-capitalistic price mechanism in July 2002. In addition, peaceful resolution of the North Korean nuclear crisis, improved North Korea's foreign relations, and greater inter-Korean economic cooperation would provide the core foundation necessary for inter-Korean economic integration.

The German unification clearly illustrates the side effects that ensue when two long-divided states unify suddenly. Accordingly,

33) Cheong Seong-chang, "Potential for Change in the North Korean Regime and Strategy for North Korea," *National Strategy for the Transitional Period in the International Order: South Korean Diplomacy, Security, and Strategy for North Korea* (in Korean), (Seongnam: Sejong Institute, 2002), pp. 220-222.

even if the North Korean regime were to collapse, it would not be desirable to push for rapid unification. Even if a democratic regime were inaugurated in North Korea and it wanted a speedy unification, it would be more practical and sound to pursue economic integration in phases after establishing political integration, rather than pursuing both political and economical integration at the same time. The integration should proceed in phases as in the European case. European integration shows that it is possible to separate political integration from economic integration and that, unlike the German case, economic integration can take place in phases. Moreover, political integration does not have to come all at once, but can take place by first establishing a supranational institution, and then delegating powers to the institution in phases. The South Korea government should not approach the Korean commonwealth plan with a complete model from the beginning; rather it should first form a low-level integration and gradually work towards high-level integration.

The South Korean government should learn from the European case and recognize the importance of supranational institutions in the integration process. However, both the Roh Tae-woo and the Kim Young-sam administrations failed to take this into account in their plans for establishing a Korean commonwealth. The same failure is apparent in President Kim Dae-jung's unification theory. Considering ways to promote mutual interests by establishing supranational institutions and expanding their authority is linked directly to achieving greater integration of the two Koreas. Taking the radical position that favors sweeping unification by enacting a unification constitution, instead of working on gradual integration at the commonwealth level, would only alarm North Korea and force it into a confrontational stance, since the North would interpret the move as the South's design to absorb North Korea. Should speedy unification become inevitable due to a sudden collapse of the North Korean regime, it would be important to utilize the opportunity well. North Korea, however, still maintains remarkable political stability

despite its crumbling economy; therefore, it would be undesirable for the South to plan official unification measures on the assumption that the North Korean regime is on the verge of collapse.

The European integration also shows that cooperation in the diplomatic and security areas is more difficult to obtain than in the economic field. Therefore, the South Korean government, especially regarding security issues, should not expect rapid progress but should approach the issues as a long-term goal. There was no specific formula that led to the formation and development of the EU. In fact, the European integration was a long and gradual process with many bumps along the way. South Korea should draw a lesson from the European case and approach the goal of building the Korean commonwealth with patience, insight and creativity.