Too Little, Too Late?

by Josef Joffe

Three years from now, on January 1, 1993, Western Europe will be "born again." The 12-state European Community (EC) will turn into the Single Integrated Market (SIM). This new creation will unite some 320 million people with a combined gross domestic product of about five trillion dollars and will stretch from Cork to Calabria, from the Atlantic to the Aegean. As a trading bloc, it will surpass all others in the world. Even today, the (external) exports of the EC dwarf those of the other two giants, the United States and Japan. The EC is good for 20 percent of world exports, followed by the United States with 15 percent and Japan with 9 percent.

The process of Euro-fusion is known by the shorthand symbol of "1992." By the end of that year, supposedly, everything will be in place for the "Big Bang" of 1993. A dream will then come true: the free movement of capital, people, and goods—untrammeled by national governments and their legions of customs, immigration, and health inspectors. In theory, it will no longer matter whether a physician is a *docteur* (French), *Doktor* (German), or *dottore* (Italian). All will be able to set up shop in Copenhagen without the permission of Danish authorities—though in practice they will have to learn Danish before being able to tell their patients to "Say aaah. . . ." *Crème fraiche* from Normandy will arrive on the dairy shelf of a Munich supermarket without passing through the rigorous pasteurization procedures prescribed by German law. Spanish *tinto* will compete with Greek *retsina* and British *riesling* (yes, there *is* English-made wine) on a "level playing field," as a key 1992 shibboleth has it. By 1993, West Europeans may even tackle one of the most frightful tasks of all: the design of a SIP—a "single integrated plug" to fit every electrical outlet between Portugal and Greece.

So will "1992" be like "1776," when the 13 colonies decided to bid farewell to George III and set up the United States of America? By no means. After all, the former colonies took another 11 years to agree on a common constitution, and even by 1787 they did not really amount to one nation, indivisible. *Real* integration eluded the United States until 1865, when, after four years of fratricidal civil war, force of arms decided the question of whether there was truly *e pluribus unum.* Real *economic* integration in the United States was not achieved until the early 20th century. It took the completion of the transcontinental railway to draw the two coasts into a single market. And though Americans never had to battle with francs, marks, lire, pounds, and pesetas, they had no "central bank" until the Federal Reserve System was founded in 1913.

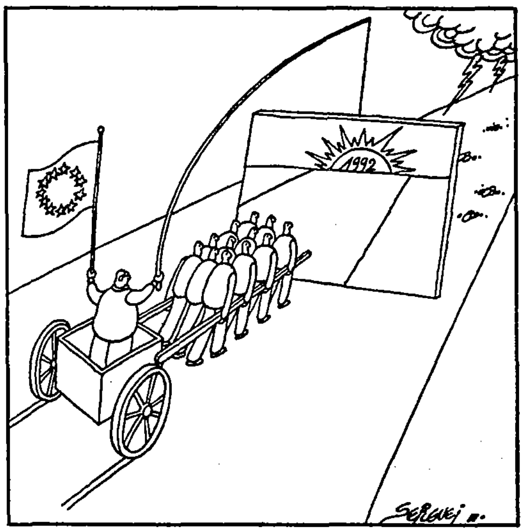
Come 1993, West Europeans will have at least as far to go as the young American nation did. They will have no common currency—apart from the ethereal European Currency Unit (ECU). They will have no "European Bank" to determine interest rates and money supplies for the entire Community. Instead, 12 central banks will try to grope their way toward "monetary union"—a task so overwhelming even to contemplate that it has been postponed until the late 1990s. West Europeans won't have a single "federal" income tax, and it is very doubtful whether they will be able to impose the same "value-added tax" (the European version of a sales tax) on all 12 countries any time soon.

Nor will the Community have "harmonized" the myriad national laws—not even those that pertain only to economic intercourse and regulation. Already, the contentious issue of indirect taxation has been postponed beyond 1993, and the same goes for the abolition of border controls.* There are just too many rules and regulations in search of "harmonization." That is why the "founding fathers," the experts of the EC Commission in Brussels, have left national product safety standards and other obstreperous issues in abeyance—trusting that they will be resolved on a case-by-case basis in future suits brought before the European Court.

The American analogy falls apart completely when it comes to the question of political governance, to the much talked about "single integrated government" (SIG). To be sure, a European Parliament already meets in Strasbourg. But the "real" parliament is the Council of Ministers in Brussels, which represents not electorates but states. This is where sovereignty lies and will remain—or, more precisely, where sovereignty is shared *ad hoc* by 12 independent governments. Whatever the European Commission (the "executive") does must be sanctioned by the Council of Ministers, and though the emissaries of the 12 states can theoretically outvote one another through a "qualified majority vote," this is not what happens in practice. The unwritten but ironclad rule is that no nation shall be outvoted if it chooses to proclaim the issue at hand as one of "vital national importance."

*This reflects profound differences in historical development. The British would like to remain in charge of their borders because once a person is inside the country, he is hard to track down—given that the UK, like the U.S., knows neither identity cards nor registration with the authorities at the place of residence. The continental countries have both, which makes border checks less vital.

The European Parliament in Strasbourg, on the other hand, has virtually none of the classic functions of a real parliament. It cannot make laws, appoint the executive (the Commission), or vote taxes—the three prerogatives that have made legislatures in the democratic world one of the three pillars of power next to the executive and the judiciary.



From Le Monde, *Paris.*

II

Why all the fuss, then, about 1992? There won't be a European Bank, there won't be a European Currency, and there won't be a single rule-making power—all of which are logically necessary to make 12 separate markets into a truly common one. Nor will there be a federation with true centralized power—at least not for a very long time, if ever. Twelve states will continue to exist, along with their national governments and frontiers. Customs borders will vanish and a few supranational institutions such as the Commission, the European Court, and the European Parliament will encourage cooperation. But in many respects, 1992 will be little more than 1957—a quarter-century later.

In 1957, the original six EC states (France, the Federal Republic of Germany, Italy, Belgium, the Netherlands, and Luxembourg) concluded the Treaty of Rome. The agreement provided for a perfect customs union in stages. That it was not achieved according to the original schedule was the fault, first, of the six early birds who resisted implementation and, then, of the six latecomers (Britain, Denmark, Greece, Ireland, Portugal, and Spain) who asked for exemptions and special treatment. Leveling trade barriers that should have been removed years ago, 1992 is in many ways old business; what is new about it is its attack on "invisibles" like national health, product, and environmental standards, all of which hamper free trade and the opening of a Community-wide market for professional services.

The sound and the fury result, then, less from fact than from expectation. And from a resurgence of hope. In 1985, after years of stagnation and "Europessimism," the European Community suddenly developed new energy. This surge inspired the Single European Act of 1985—the "constitution" of the Single Integrated Market. The new *élan* galvanized the imagination of the West Europeans—and struck fear into the hearts of Americans and Japanese. Europeans hope, while Americans and Japanese suspect, that this is just the beginning: the first step toward a truly united Europe. Ensconced behind towering protectionist walls, so it is thought, the 12 will go on to build the "United States of Europe," rivaling the superpowers and dominating all commercial competitors.

The hopes and the apprehensions are equally exaggerated; 1992 will not be the *annus mirabilis* of the European Community. If history is a guide, 1992 will not be the take-off point from which European integration soars unswervingly toward perfection. Ever since the venture began in 1951 (with the European Coal and Steel Community), "Europe" has been the story of hopeful starts and grinding halts—the story of nation-states seeking the economic benefits of scale without having to pay the ultimate political price: the loss of national sovereignty. Inevitably, such an enterprise generates more cant than candor. Candor would require admitting that the "teleology" of Europe—what it is to become—is shrouded in deepest darkness. And for good reason: Neither François Mitterand nor Helmut Kohl nor Margaret Thatcher, to name but three key players, wants to legislate himself or herself out of existence. Nor do their compatriots want to become the equivalent of Michiganders or Californians; that is, Europeans first and Frenchmen, Germans, or Britons second.

The nation-state is alive and well in Europe. It is not about to crumble like yesterday's doomed empires. And while the West Europeans know in their hearts what they do *not* want—the sacrifice of their statehoods on the altar of European unity—no-

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body can agree on what it *does* want beyond 1992. Indeed, the "constitutional debate" has just begun: between "states' righters" and "communitarians," between free traders and protectionists, between champions of *laissez-faire* and advocates of *dirigisme*, between aficionados of the free market and advocates of welfarism. In each of these debates, the British appear to be on one side and the 11 other nations on the other. But if this were the case, the 11 could easily cajole or bully Margaret Thatcher into submission. They cannot because they do not speak with one voice, let alone think with one mind.

Take Mrs. Thatcher's opening volley in the constitutional debate, delivered in her speech at Bruges, Belgium, on September 20, 1988. "Europe should not be protectionist . . . " she began. "It would be a betrayal if, while breaking down constraints on trade to create the single market, the Community were to erect greater external protection. We must make sure that our approach to world trade is consistent with the liberalization we preach at home."

While the French and the Italians are traditionally and instinctively protectionist (there are virtually no Japanese cars to be found in Paris and Rome), the Dutch and Germans are not (though West German capital and insurance markets are nicely sheltered by informal cartels). Likewise, the Spaniards, who are past the industrial takeoff point and depend on large tourist earnings, are more fervent free-traders than the Portuguese and Greeks, whose economies in many respects are closer to those of the Third World than those of the First. Such a collection of countries, ranging so widely in economic development and commercial interests, won't easily agree on a common trade policy, let alone on the European equivalent of the Smoot-Hawley Tariff.*

*The infamous American tariff of 1930 which imposed onerous duties on many imports.

Or take the "*dirigisme* versus *laissez faire*" debate. "We have not successfully rolled back the frontiers of the state in Britain," Thatcher observed in Bruges, "only to see them reimposed at a European level . . . . The Treaty of Rome was intended as a charter for economic liberty. Our aim should not be more and more detailed regulation from the center; it should be to deregulate, to remove the constraints on trade and to open up." A French official has put the issue thus: The British are building an internal market for the consumer (with low prices and high real wages), while the French are building one for producers (with high profits and low vulnerability to outside rivals).

In fact, the debate is not two-sided but three-cornered. Its antagonists are economic liberty, state intervention, *and* social welfare. It reflects one of the oldest ideological struggles in European history: between the classic liberals and free-marketeers like Adam Smith, David Ricardo, and Joseph Schumpeter, on the one hand, and mercantilists, socialists, and Catholics like Jean Baptiste Colbert, Karl Marx, and Jacques Maritain, on the other. The former believed that the individual was the rightful center of all economic activity, that the greatest individual gain equalled the greatest common good. The latter wanted to shift the focus to the collective—in order, variously, to strengthen the state in its rivalries with other states (the mercantilists), to favor one class over another (the Marxists), or to ensure that a quantum of social justice would temper the ravages of economic competition (the Catholic advocates of "subsidiarity").

Although "1992" will not resolve these ideological differences, it is safe to bet that the New Europe, with a long history of state intervention behind it, will not end up looking like Reagan's America of deregulation

From Munich's Süddeutsche Zeitung.

"Show your violin," says Mrs. Thatcher. Extracting a baton from her case, she clearly did not come to play along with the others.

and welfare cutbacks. Still, it is not just Thatcher versus everybody else, but the oldest game in the history of the nation-state: the one in which states with very different traditions and cultures try to assert themselves against others. The French, coming out of the mercantilist-absolutist tradition of a Louis XIV, instinctively favor statism. The Germans, however, look back to a very brief history of centralized decision-making and are therefore more inclined to contemplate power-sharing among autonomous institutions. The German *Bundesbank*, for instance, is the most powerful national bank in Europe not just because it commands the almighty deutschmark but because it is virtually independent of the government. France's central bank enjoys no such independence. So it is hard to see how the French and Germans will ever agree on a European Bank for the monetary union they contemplate.

France and Germany are both more collectivist than Britain—but in very different ways. Roughly speaking, in France it is the state that is strong; in Germany, it is society. Whether it is "industrial policy" or its opposite, a policy of competition and diversification, the Parisian bureaucracy inevitably takes the lead. Power in Germany, by contrast, flows from neo-corporatist roots: Large organized interests (labor, business, public employees, peasants) have habitually exercised—and will retain—veto power over public choice. As a consequence, the protectionist instincts of the two countries make for distinctly different policies.

While the French are external protectionists, the Germans are internal protectionists. Paris will typically pick a strategic industry, define it as being in the "national interest," and then seek to shelter or strengthen it against the international market—even at the expense of groups and firms at home which are not so favored. Given the cataclysmic changes suffered by Germany during this century, the basic German consensus is stability *über alles*: Nobody must lose. Hence designated winners are not so much nurtured as known losers are subsidized—whether coal, steel, agriculture, Paris, or the EC likes it or not.

Alternatively, if change is unavoidable, losers must be bought off. French, British, Italians, and others care little about shop-closing hours. In West Germany, though, an ancient federal law prescribes in detail the times when consumers are allowed to buy certain goods. A recent attempt to keep stores open on Thursday evenings unleashed a national storm, pitting shopkeeper associations and retail clerk unions against (badly organized) consumers. The outcome was a draw: Hours that were added on Thursday night were lopped off Saturday afternoon. Similarly, the veto prerogative of large, well organized groups will lead Bonn to fight tooth and nail against any European company law that grants unions less power than they have under German "co-determination law," which provides workers equal representation on boards of firms above a certain size.

The point of these examples is that even when two nations like France and Germany are similarly positioned along the collectivist-individualist scale, policies at home and in Europe can differ profoundly. And since the road to 1992 and beyond must be travelled by states driving not simply in tandem but in convoy, progress will be slower than some hope and others fear. Possibilities for collision lurk around every corner.

Which is why Thatcher, speaking in the name of realism, rightly raised the "states' rights" issue in her Bruges speech in September 1988. "Willing and active cooperation between sovereign states is the best way to build a successful European community. To try to suppress nationhood and concentrate power at the center of a European conglomerate would be highly damaging.... It would be folly to fit [the EC countries] into some sort of identikit personality." Her words brought howls of condemnation from "good Europeans," but in fact the British prime minister merely pointed out the obvious.

Unlike the 13 American colonies, which had relatively little history of their own in 1776, the European 12 are nation-states or former empires whose history goes back as far as the demise of Rome some 1500 years ago. By 1400, Britain and France were distinct *nation*-states, not just royal possessions of the Tudors or Valois. The 12 speak nine different languages, vernaculars that are older than their separate statehoods. Ages ago, these now separate nations were part of a common Latin civilization (except for parts of Germany that were never conquered by Roman legions). But what have Portuguese and Greeks in common today—except, ironically, Japanese "durables" and the products of American pop culture? It is not the *Chanson de Roland* but the TV show *Dallas* that provides instantly recognizable images and metaphors throughout Europe.

Nor are any of the 12 governments about to slink away. Thatcher made only a self-evident point when she stressed "willing and active cooperation between sovereign states" as a necessary condition of Europe's evolution. It is a safe bet that no public-opinion majority would be found for the "United States of Europe" if sovereignty were jeopardized. How many Germans or Frenchmen would be willing to see Bonn or Paris become like Albany or Sacramento? And what common language would the Europeans speak? Charles de Gaulle, Margaret Thatcher's spiritual predecessor, used to suggest the non-existent *Volapük* in order to make fun of the European ideologues. But a synthetic language it would have to be. And to get an idea of how difficult it would be to come up with a new Esperanto, one need only consider the struggle involved in deciding upon a uniform cover for the European passport—one whose color had to be different from any used by the 12 governments. (The color finally decided upon was burgundy.)

III

The Community's history of fitful starts and grinding halts dramatizes two problems. One is obvious: Integration can only go as far and fast as the *sacro egoismo*—the "sacred egoism"—of nations allows. The other problem is less obvious but no less profound. Western Europe has chosen a path to unity that knows no precedent. It is not political will that fuels the engine but economic necessity. It is not the Philadelphia Constitutional Convention or Bismarck's Prussia that will bring unity out of diversity but, if you will, Karl Marx and the "modes of production." Economic forces—the need for economies of scale or for international competitiveness—are supposed to lead the way; political institutions are expected to follow. In Marxist terminology, it is the "sub-structure" that will determine the "super-structure."

Marxist terminology, however, is no longer in vogue. The contemporary, non-revolutionary version of economic determinism is "functionalism," the reigning creed of Europeanists since integration's infant days during the early 1950s. Functionalism banked on what one could describe as "unification on the sly." The process would begin with the merger of certain sectors such as coal and steel. Such mergers would soon generate irresistible pressures for the integration of more and more sectors. This is known as the "spill-over effect": If there were free trade in steel, functionalists reasoned, how could cars be excluded? If Volkswagens were to sell duty-free in France, why not chablis in Germany? And once goods travelled freely, the invisible barriers of indirect taxes and internal regulations would have to go. Then there would remain national monetary policies, which distort trade; so they would have to be harmonized and brought under a common monetary authority. But since monetary authority is the sacred preserve of autonomous governments, this last rampart of national sovereignty would have to fall in order to allow the forward march of economic integration.

The theory appears both logical and plausible. But compare its premises with the historical record of integration elsewhere. What has driven the process in the past—economics or politics, Marx or Bismarck? If we turn to the two best known instances of unification, the United States of America and the second German Reich (1871–1918), economics does not look like the preordained winner. In both cases, political choice (or, in the German case, imposition*) *preceded* the integration of the economy. In post-1871 Germany, it was not the "hidden hand" of the market, much less functional necessity, but the iron fist of Berlin that forced a centuries-old world of autonomous kingdoms, principalities, duchies, and free cities into one nation and then into one market. "Blood and iron" achieved what the Reich's paltry predecessor, the North German Customs Union (*Zollverein*), could never do: They created a powerful state in all of Germany. This state then proceeded to tear down customs barriers, impose a common currency, sweep away the many restraints on trade put in place by kings, guilds, and associations, and replace them with new nation-wide laws and regulations.

In terms of brute state power, the young American republic was a spindly adolescent compared to the muscle-bound German Reich. But even in the United States, a supreme political act—the fusion of 13 ex-colonies under an overarching general will as laid down in the 1787 Constitution—preceded and shaped what would come afterwards: economic integration, territorial expansion, and what one might call the dismantling of conflicting internal rules and regulations pertaining to agricultural production (i.e. the abolition of slavery). The market did not make the state. The opposite is in fact the case. The growth of central government's power in the United States is the history of the government's expansion into the market via countless regulatory laws and agencies—the Interstate

*The process of German unification has aptly been called "the conquest of Germany by Prussia."

AN 'F' FOR EFFORT?

An uncharacteristic gloom permeated the European Commission's latest (September 1989) progress report on the 1992 agenda. The report also shows how complex are the obstacles to the "single integrated market."

Of the 100 directives, regulations, and other measures that were supposed to be "implemented" and in effect throughout the EC as of September, the Commission reported, only six were actually in force in all 12 nations. Spain and Portugal have fallen far behind their partners; Greece, Italy, Belgium, and Ireland are also lagging badly. In Italy and Portugal, for example, none of the EC directives regulating pollutants from autos has been put into effect. Although the report does not say so, this reflects a major fault line in the EC. The relatively poor nations which have joined the EC looking for an economic lift—Spain, Portugal, Greece, and Ireland—are going to be reluctant to pay the costs of the strict standards for safety and health favored by the wealthier nations.

Even when laws are on the books, the Commission found, compliance is often far from exemplary: "It is . . . shocking that national bureaucracies all too often continue to regard Community nationals as foreigners and, in practice, deprive them of their rights of establishment and residence through nit-picking interpretation of rules."

The European Court of Justice, meanwhile, is having "alarming" difficulties making violaters toe the line. Nine nations have ignored Court rulings. The Greeks, for example, have defied a decision that requires them to drop restrictions on foreign architects and surveyors; the West Germans are in violation of a 1987 Court ruling outlawing 16th-century purity laws that bar imports of many non-German beers.

There is trouble at the top, too. The European Council is tied in knots over the elimination of various border controls and the "harmonization" of indirect taxes. French resistance is a major cause of the tax deadlock. Harmonization would require Paris to reduce its steep value-added taxes and other indirect levies and to rely much more on its income tax, which French governments since the Revolution have been loath to do.

The Commission warned of "a worrying lack of progress." What it did not say is that it now seems clear that major elements of the 1992 program will not be in place on time.

Commerce Commission, the Federal Trade Commission, the Federal Communications Commission, the Federal Reserve System, and a host of others.

The historical record, then, does not point to the primacy of economics over politics. The record suggests that the reality of West European integration will always fall short of the functionalist dream—unless the states do what they show no sign of wanting to do: merge their sovereignties into something that is more powerful than each and all.

Not even the dream of 1992 will be realized by New Year's Day 1993. For in order to have a truly common market, the 12 will need a truly common monetary and fiscal policy. Yet a nation's fiscal-monetary mix determines the pace of unemployment and inflation at home, and these are factors of great weight when electorates decide on the fate of their governors.

It is doubtful that any government in Western Europe will want to let go of the levers of the economy. Functionalist theory proclaims that the governments have no choice because the nation-state, pushed and pummeled by an increasing number of transnational forces, is no longer in charge of its economic destiny. But if this is true, why would governments compound the problem by offering up further powers to a supranational body? Precisely because the nation-state has been battered by transnational forces beyond its reach, it now seeks to recapture control, not to relinquish it.

Force may be the only effective unifier, as history again suggests. In America's case, George III forced the colonies into unity; in Germany's, it was Bismarck who brought about unity through "blood and iron." But in the contemporary West European setting, there is neither a dreadful enemy nor a formidable unifier. Instead of facing overwhelming pressure to unite, the West Europeans may soon find themselves faced by a powerful reason not to. The reason comes in the form of an irony: Just at a time when Western Europe is trying to grow bigger, it is finding that it may become something that is still too small.

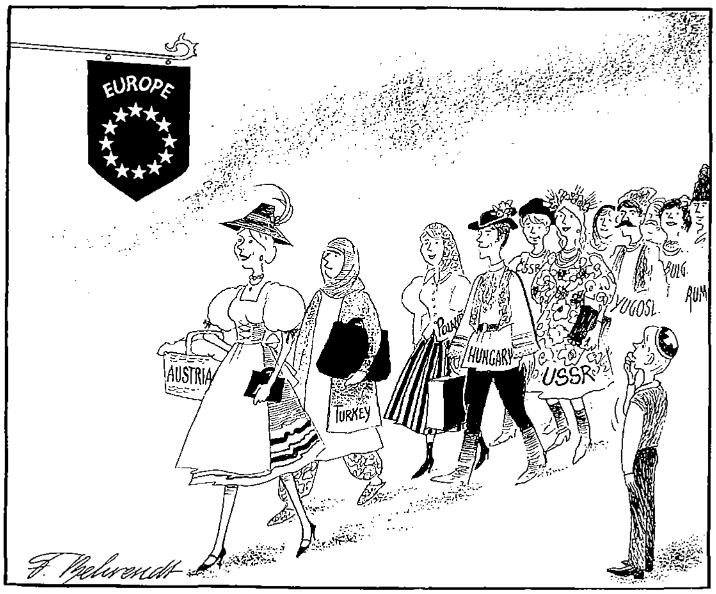
The irony consists of two parts. First, even as a perfect customs union, Western Europe may be too small economically. After all, more and more goods and services are being produced and distributed on a *global* rather than a national or even regional level. Second, as the ideological division of Europe wanes along with the Cold War, Western Europe may become too small politically. The ultimate irony may well be that a united Western Europe, both as an institution and as a dream, is approaching obsolescence just as the 12 are poised for their Great Leap Forward.

Consider, for instance, the global scale of production and consumption. The threat posed to the EC by this development is that market forces, given current trends, will outleap institution building. One key motive for 1992 is to present European producers with an open market of 324 million consumers so that they can profit from economies of scale and acquire competitive muscle. Yet the ultimate economy of scale may soon be measured in global terms. Companies may well end up requiring a far larger base than even the Europe of the 12 can offer. Already, the "concentration of capital," as Marxist terminology has it, is bursting through national and continental confines, as the sustained rush toward global corporate alliances and mergers continues.

Take an example which may prove typical of future trends. In 1989, the West German Post Office opened bidding for the installation of a private mobile telephone network in the Federal Republic. The race was entered by seven consortia—not one of them purely European, let alone German. Among the contenders: Olivetti (Italy), Shearson Lehman (U.S.), BCE Mobile (Canada), Cables and Wireless (Britain), Lyonnaise des Eaux (France), Comvik (Sweden), and various German banks and companies. Big Business, it is obvious, already operates on a global rather than a continental scale.

Also, it is no longer clear whether Volvo, Toyota, IBM, or BP are "national" corporations in any meaningful sense. They produce world-wide, their shares are traded world-wide, they sell global rather than national products, and their loyalties are no longer necessarily focused on their home countries. If IBM, for instance, does well, its workers in the United States do not necessarily do better as a result; it is more likely that IBM's profits go up because it has shifted jobs to lower-wage locales. The day is not far off when American, French, or German cars will be *world* cars, subject only to modifications required by local tastes—as Japanese and Korean consumer electronics already are.

The implications of globalization are still unclear. But they do not necessarily make Big Business (or consumers) into faithful allies of national governments or regional institutions like the European Community. Economic necessity, viewed by functionalists as the motor for *European*



From Amsterdam's De Telegraaf.

Who next? Austria and Turkey have already applied for membership in the EC, and others are sure to follow. So are troubling questions: Should neutrals be allowed in? Members of the Warsaw Pact? The EC refuses to rule on any applications until after 1992.

integration, may impel producers toward open trade and investment—toward the global widening of economic frontiers rather than to their regional tightening. To maximize profits, the modern corporation does not necessarily need what Brussels is building. And just as business long ago learned to ignore national frontiers, so may it learn to circumvent and leapfrog whatever obstacles the EC puts in its way.

Political developments pose equally salient challenges to the future of the EC. In many respects, the European integration venture is a child of Joseph Stalin and of Harry S. Truman. Beginning with the Marshall Plan in 1948–51, the United States pushed West Europeans toward integration in order to create a bulwark against the Soviet Union on the continent. Unwillingly, Stalin also played a crucial part. His looming presence overshadowed ancient rivalries and fears which had kept Europe at war for centuries—especially the "arch enmity" between Germans and Gauls. The United States, playing the protector, helped put these enmities to rest. Germans and French could reach across gulfs of resentment and blood to join hands in the common European enterprise because, for the first time, there was suddenly a player in the system more powerful than either.*

But the Cold War is waning. And with its passing, the 40-year-old ligaments of the Western system in Europe—NATO, a separate West European consciousness—are loosening, too. Suddenly, Gorbachev's Soviet Union is knocking at the EC's doors in Brussels. Austria wants in. So does Turkey. The Swiss, Swedes, and Norwegians will not want to be left out forever. And Hungary and Poland are positioning themselves for association. Will the 12 want to keep them out? And if they don't, what will happen to West European unification?

Only one thing is beyond doubt. More members equals less homogeneity; and the less homogeneity, the slower the ascent to the summit of political union. It is precisely for this reason that some EC countries may want to keep newcomers out. But at least one key player in Western Europe will oppose exclusivity.

That player is West Germany—a country that has been *in*, *of*, and *with* the West during the past 40 years but which, at the same time, has been powerfully pulled eastward. The reasons are obvious. First and

*For an elaboration, see my *The Limited Partnership: Europe, the United States and the Burdens of Alliance* (Cambridge: Ballinger, 1987), ch. 5: "Alliance as Order."

foremost is the fact of the postwar partition of Germany. For a long time, that issue seemed to be settled within the framework of "bipolarity." But as bipolarity recedes, the "German question" once again moves to the forefront. The crumbling of the Berlin Wall is only the most visible and dramatic example of this. If the "de-Sovietization" of Eastern Europe continues, what use is the German Democratic Republic (GDR) to Moscow? Moscow most likely will no longer need the GDR as *the* strategic brace of its East European empire. If the democratization of the Soviet bloc continues (no foregone conclusion), and the GDR continues the reforms that are moving it away from Prusso-Socialism, what is left to legitimize the GDR's existence as a second German state?

Regardless of such possible developments, the postwar system in Europe has become fluid enough to throw the German question wide open. And while outright reunification is the least likely outcome, "reassociation" or "confederation" is not. Whatever happens, the Soviet Union will always retain veto power over Germany's evolution, and that forces West Germany to be scrupulously deferential to Moscow's imperial sensitivities.

Such deference will have consequences for the West European venture. For as Bonn strengthens the walls of its West European house, it will presumably take care not to build too high or too fast. If and when Washington and Moscow disengage from Europe, even a benign Soviet Union will not look kindly on a West European superstate that replaces the United States as the counterweight to Soviet power. Nor will Bonn want to close the EC's doors to East Germany and *Mitteleuropa*, that mythical locale of Central Europe, which, in the imagination of some Germans, Czechs, Poles, and Hungarians, is the true cultural and political home of their nations.

Meanwhile, West Germany's traditional role in Europe is changing, regardless of events in the East. Forty years ago, of course, West Germany was a defeated, occupied, and discredited half-nation. In order to come out from under unilaterally imposed controls, the young Federal Republic had to become a partner in multilateral and voluntary ones. That is why the new German state became a compulsive joiner—in the hope that it could regain sovereignty by submerging itself in the Western community, be it the European Coal and Steel Community, NATO, or the European Economic Community. For the Federal Republic, self-abnegation was the very condition of self-assertion.

The success story of the European Community during the 1950s and '60s cannot be divorced from the unique, but transient, state of its soon-to-be most powerful member. Unable and unwilling to translate its growing economic weight into political muscle, the Federal Republic acted as paragon of integrationist virtue. As long as the Cold War was at its coldest and West Germany's moral rehabilitation was incomplete, deference to allies—especially to France—was the keystone of German foreign policy. Bonn paid more into the EC's communal kitty than it got back in so-called rebates; it yielded to France on matters of agriculture and "high politics"; and throughout, the Federal Republic chose communal discretion over nationalist valor.

But with the fading of the Soviet threat and the dimming of memories of World War II, the Federal Republic has begun to act like a "normal" nation. In the past, only De Gaulle would fling his veto against the Community; during the 1980s, West Germans have displayed similar petulance, often for relatively trivial reasons—such as blocking a minuscule drop in EC cereal prices. Bonn, in short, has begun to "re-nationalize" its foreign policy precisely when the Community is poised to leap toward *more* supranationality.

Just as West Germany's eager Europeanism served as motor of integration in the past, its new role, welded to its enormous economic and political clout, may well act as a brake in the future. After 1992, the next scheduled step is monetary union. Today, the West German *Bundesbank* acts as the *de facto* manager of the European Monetary System (EMS), which seeks to keep members' parities in lockstep. Informally, in fact, the EMS has become a deutschmark zone, beholden to monetary discipline meted out by the *Bundesbank*. This being the case, it is difficult to see how the EC will go forward to a unified monetary authority. Will the West Germans relinquish their dominance? If not, will the others accept it *de jure* and not just *de facto*?

As Western Europe prepares for its Great Leap Forward, it becomes increasingly clear that it will not jump as fast or as far as some people think. Western Europe remains what it has always been: a collection of sturdy nation-states in search of more integration where tolerable bargains among 12 sovereignties can be struck.

It is clear, too, that West Europeans must act in a world that is changing more rapidly and profoundly than the Community's "founding fathers" could possibly have foreseen. With a globalizing market exerting its pull and an emancipating Eastern Europe beckoning, the Community may well become too small economically and politically.

And, finally, the ascent to the summit of supranationality becomes not easier but harder with each stride forward. It does so because each step takes the West Europeans into more difficult terrain, where the shadows of national autonomy loom ever more menacingly. The dream of European unity may be older than the European nation-state, but the dream has not yet been able to overcome the reality of national sovereignty. And no matter how battered and outmoded that reality is said to be, its longevity bears a message. It is a message of persistence, and it will not be drowned out by 1992 or any other future assaults on the ramparts of sovereignty in Europe.

FURTHER READING

The **Memoirs** (Doubleday, 1978) of Jean Monnet, the EC's "founding father," and Serge and Merry Bromberger's **Jean Monnet and the United States of Europe** (Coward-McCann, 1969) provide historical perspective on today's integration efforts. **European Unification: The Origins and Growth of the European Community** (European Community, 1986), by Klaus-Dieter Borchardt, is a compact account. Max Beloff's **The United States and European Unity** (Brookings, 1963) describes U.S. attitudes towards European integration through the Kennedy administration; Richard J. Barnet's **The Alliance** (Simon and Schuster, 1983) is a more general account of European-American political and economic relations. **The European Challenge, 1992: The Benefits of a Single Market** (Gower, 1988), by Paolo Cecchini, is the EC's official vision of the fruits of an integrated Europe. **The 1992 Challenge From Europe: Development of the European Community's Internal Market** (Nat'l. Planning Assoc., 1988) by Michael Calingaert, a former U.S. Foreign Service officer, is the best overview; **Europe 1992: A Practical Guide for American Business** (U.S. Chamber of Commerce, 1989) is a readable (and optimistic) nuts-and-bolts guide. American press coverage of European events has been spotty; *The Economist*, the British weekly which circulates widely in the United States, is the layman's best source of up-to-date information.