At Issue

Imagine, Europe

Two years from now, Europe will take a giant stride toward economic integration and the more elusive goal of political union. On January 1, 1999, the 15 member states of the European Union (EU), or at least those that have taken the prescribed steps to set their economies in order, will lock in their exchange rates in relation to each other's and begin the final countdown to a single currency. Three years later, at the dawn of 2002, participating countries will start circulating the "euro" (currently valued at about U.S. $1.20) alongside their francs or deutsche marks, and by July of the same year, citizens of the single-currency states will be using euros, and only euros, to pay their rent or buy their groceries.

Momentous as this will be—after all, few things define a nation's sovereignty more sharply than the power to establish the coin of the realm—European finance ministers, central bankers, and other government officials are making confident noises that the goal will be achieved. And there is far more than noise. The elected heads of Germany, France, Spain, and other member nations have taken severe and often unpopular measures to bring budget deficits below three percent of gross domestic product (GDP) and public spending under 60 percent of GDP. (The other two convergence criteria set at the Maastricht summit in 1991 pertain to interest rates and inflation.) So far, only three countries—Ireland, Denmark, and Luxembourg—have met all four criteria, but Union officials predict that 12 of 15 nations will eventually satisfy all standards.

Official confidence is one thing; the confidence of the citizenry is another. And therein lies a thorny problem. Despite aggressive government promotion, Bruce Barnard reports in the November 1996 issue of *Europe*, "more than 60 percent of Germans have steadfastly rejected the idea of surrendering their cherished D-mark, one of the world's strongest currencies, for the unknown euro." If that's the mood in Germany, a driving force behind European integration, single currency is certain to be an even harder sell in, say, London or Stockholm.

Popular misgivings about a single currency underscore the delicate nature of the enterprise that began with the creation of the European Coal and Steel Community in 1951. That tentative first step was followed by a more decisive move in 1957, when the Treaty of Rome brought six nations together into the European Economic Community. Since then, with a number of name changes and the addition of new members, the body has moved ever closer to its goal of "establishing a common market and progressively approximating the economic policies of the members."

To be sure, this movement provoked outbursts of popular opposition even before the current single-currency campaign, for reasons not hard to fathom. Writing in these pages seven years ago about the prospect of the coming Single Integrated Market, German journalist Josef Joffe located part of the popular uneasiness in the unique character of Europe's drive to unity: "Western Europe has chosen a path that knows no precedent. It is not political will that fuels the engine but economic necessity. . . . Economic forces—the need for economies of scale or for international competitiveness—are supposed to lead the way." Such a strategy could succeed, Joffe continued, only if the member states were willing "to merge their sovereignties into something that is more powerful than each and all." Rightly, he sensed that the greatest challenge would come later, with the attempt to create a truly common monetary and fiscal policy.

Later is almost here, and will have fully arrived when the single-currency states find their economies marching to the directives of a powerful supranational institution, the European Central Bank, which is slowly emerging from its chrysalis as the Frankfurt-based European Monetary Institute. EU officials reassure Europeans that the bank will be sensitive to local economic variations. The directors, after all, will come from the central banks of the member states. But that may provide little reassurance to many citizens—particularly wage workers and farmers—who feel that their own central bankers already pay too little mind to such matters as unemployment and easy credit.

The impending surrender of national sovereignty in matters of the wallet raises even more fundamental questions about the union that the EU is attempting to bring about. What sort of commonalities are there among nations that will find themselves using the same currency, commonalities that might inspire mutual trust and a modicum of fellow feeling?

Politics, as Joffe noted, is the usual place where common ground is found and made, but the EU nations not only have different political traditions but also different views of the Union's own governing institutions. Italians may see the European Parliament as a possible way out of political disorder at home, but most Britons remain intransigently suspicious of what Margaret Thatcher called a "European superstate."

The contrast with the American experience could not be more striking. In this country, political debate and compromise were the necessary antecedents to the kind of centralized economic control and regulation that Europe hopes to achieve, as it were, overnight. Indeed, it took the United States more than 100 years to centralize its monetary and regulatory systems, a period that saw the rewriting of the nation's central political charter and a great deal of thrashing, bargaining, and compromise. Ongoing negotiations were made possible by the fact that Americans had common political institutions, practices, and ideas even before they came together as citizens of an independent nation. Such shared political foundations are crucially missing in Europe, and their absence makes one wonder whether the shocks of economic centralization can be addressed in any truly democratic fashion.

A similar question must be asked about Europe's vision of its place in the world. So far, as the Bosnia crisis most dramatically demonstrated, the members of the EU appear to be far short of a consensus that would allow them to act as one. Indeed, many EU countries remain suspicious of each other's motives when it comes to delicate matters of foreign policy.

Beyond politics, there is the larger matter of culture, beginning with language. EU bureaucrats may feel that they are at the vanguard of an easeful multilingualism, but even they are touchy when their native language goes conspicuously unused in official meetings or documents. Perceived slights abound. Germans, for example, were reputedly unhappy with the first name proposed for the single-currency unit, the ECU (the European Currency Unit), because it sounded too French. If seasoned internationalists can be so easily offended, how might more rooted nationalists react to linguistic challenges?

The fact is that Europeans have given relatively little thought to the cultural conditions and consequences of a truly integrated Europe. This is nowhere more obvious than among European culture makers themselves—artists, novelists, and filmmakers. "We have all been supporters of Europe for a long time," says German novelist and Wilson Center Fellow Peter Schneider, "but we are finally realizing that the Union is becoming a reality, and we have no idea what this means culturally, for everyday life." To address that uncertainty, Schneider is helping to organize a conference of writers and artists to be held in Berlin in the spring of 1998. The discussion will be long overdue.

What Europe is, and what it might be, are complex questions, whose historical roots we explore in this issue. Not surprisingly, the lessons of history are sobering, but history does not set all limits or determine all outcomes. The European Union, under its various names, has so far defied all predictions of imminent failure. Sometimes, however, nothing is more dangerous than the prospect of success. Europeans may have to think even harder about their Union, now that they find its reality staring them in the face.

—Jay Tolson