

SCHOOLS BRIEF

Europe's open future

The last of our briefs on Europe's revolution sums up the series and asks what happens next

IN THE first half of this century Europe was a disaster. The economy slumped, democracy failed, hatreds started two world wars. The second half, by contrast, has been an astonishing success, at least in the western bit of Europe lucky enough to have been liberated (or defeated) by the Americans.

Since 1945 Europeans have had 47 years of peace with each other—a respite unmatched since the emergence of modern states in the 16th century. The average West European's income (at 1990 prices) has risen more than 300%, from \$4,860 a year in 1950 to \$20,880 in 1990. Life expectancy for West Europeans went up in that time from 67 to 76 years. Between 1960 and 1990 a West European schoolchild's chance of going on to higher education more than tripled.

In these years West Europeans grew more alike—in how many children they had; in where they worked; in how they voted, saved and invested. Their governments were able to take more and more economic decisions in common. Rising incomes and increasing co-operation reinforced each other in a virtuous circle.

The institutional framework for this was the European Community. It has steadily grown in power and numbers. It already accounts for 69% of Europe's population and 81% of its GNP. Between 1958 and 1986 the Community doubled its membership. Success seems magnetic. To judge by the queue of plausible applicants, it could now double again in half that time.

Given pre-war failure, a natural question is whether Western Europe's post-war success was a temporary freak or something durable in which East Europeans can now expect to share. Though favouring the optimistic view, these briefs have also stressed how much the Soviet-American struggle known as the cold war sheltered Western Europe. Its passing raises three questions that West Europeans, in their

modern greenhouse, have not really had to think about.

The eastern question

The first is the unfreezing of their eastern border. If Europe is no longer divided at the Elbe, where to the east does Europe stop? At Poland's eastern frontier? Which of the westernmost states of the

EC's wasteful farm policy.

Westerners have a range of discouraging arguments against easterners asking to join the EC. Their heavy punch is that the difference in wealth is simply too large. This is not the knock-out it sounds. Ireland's GDP per head in 1990 (using purchasing-power parities) was 63% of the EC average, Greece's 58% and Portugal's 53%. Comparable figures for Czechoslovakia were 66% and for Hungary 53%.

Opinion in the West is shifting. The "wideners", who want to enlarge the Community, seem to be winning. Enlargement appeals to anti-federalists who think that widening the EC means weakening its supra-

ing of an old agenda. The next set of internal changes must almost certainly make adjustments for an expanded Community.

Not long after that, the EC could be in position to consider poor easterners. Czechoslovakia, Hungary, Poland, the three Baltic states and Slovenia look the most likely. If these are politically stable and press on with economic reform, they could be rich enough to join by, say, the year 2000. Hungary hopes, optimistically, to join by 1996. Exact timing matters less than the final goal. Confidence in eventual EC membership helped steady democracy in Spain and Portugal, even though it took them almost ten years to get it.

Enlargement raises an invidious question: who to leave out. Turkey has already been rebuffed once. Cyprus and Malta, who have applied, may also be asked to come back later. It is not only to the east that Europe's borders grow fuzzy. The Mediterranean helps, but where, to the south, does Europe stop?

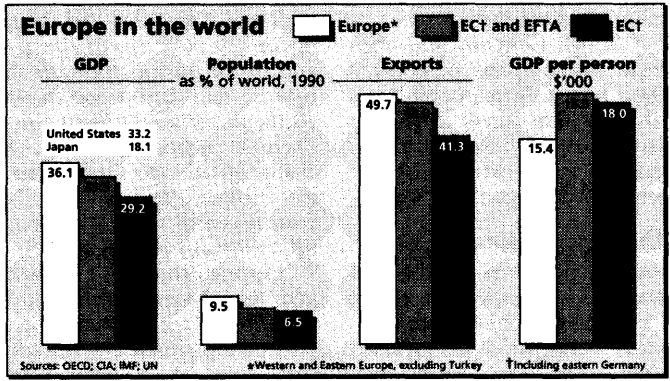
The countries that are likely to join pose problems of neutrality, institutional clogging and budgetary overload. None looks insurmountable.

The end of the cold war makes neutrality less of an issue than it was. Norway and Iceland belong to NATO and most easterners want to join it. Austria's and Finland's neutrality—non-membership in either cold-war camp—was imposed on them. Sweden's and Switzerland's neutrality—no military alliances in peace, keeping out of others' wars—is a deliberate and long-held policy. Neutrality could still clash with EC membership as it develops common foreign and defence policies. (This is theoretically a problem for Ireland, which is not in NATO.)

To stop an enlarged Community from clogging up, it is likely that it would have to:

- Cut the ratio of commissioners to countries, currently 17 to 12.
- Lower the number of official languages (nine) to three or four.
- Make debate in the Council of Ministers more parliamentary: at the moment all 12 ministers speak in turn, however little they have to say.
- Keep the parliament's size (now 518 members) below 700-750.
- Reallocate the votes in the council and, for some issues, lower the majority required.

Adding poorer countries



ex-Soviet Union—Belorussia, Estonia, Latvia, Lithuania, Moldova and Ukraine—are in Europe?

This is more than a geographers' puzzle. Poverty and turmoil, with their threat of unwanted migrants, now loom in western politicians' minds as an eastern threat to be feared almost as much as Soviet missiles once were. A common first reaction was to offer advice and some aid, but otherwise to keep the easterners and their problems at arm's length until westerners could think through the upheavals of the past two years and sort out where they wished to go.

Economic aid and advice, though welcome, are not substitutes for market access and, eventually, membership of the EC. In December 1991 Czechoslovakia, Hungary and Poland signed association agreements with the EC, which opened western markets only somewhat. In keeping East European exports out, the EC is being short-sighted. Letting in farm goods (in particular) could do two things. Not only would it be one of the best ways to help East European economies. It might also help wreck the

tional drive. Enlargement is gaining a more general appeal among those who see it, despite the costs, as the safest and tidiest way to meet the eastern problem.

A boost to the wideners is that it is almost certain that the EC will open its doors soon to countries from the European Free Trade Association (EFTA). Austria and Sweden have applied. Finland intends to soon. Switzerland, chaperoning tiny Liechtenstein, and Norway are likely to apply later this year. (Iceland says it does not want to join.)

Entry talks would be swift. The hard work was done in an EC-EFTA agreement initialled in February 1992. This was to create a common market between the two. EFTA countries would not pay EC taxes or get more than a minor say in EC decisions affecting them—in effect, a B-grade membership. If entry talks started this year or next, up to six EFTA countries could be grade-A members by January 1995.

That date matters. In 1996 the Twelve are to have another go at institutional reform. The EC summit at Maastricht in December 1991 was in a sense the clos-

means more revenue-sharing or regional spending. That risks **budgetary overload**. To some extent rich countries would merely be passing through the EC budget money otherwise spent as aid to the newcomers. The balance of poor and rich countries in the council would, all the same, shift dramatically: from four out of 12 now to 11 out of 25.

Some say that a Community that worked at six and again at 12 will work at 18 or 25. Deals can be made in an expanded council, just as they are now. Others say that 18 or so is a maximum beyond which the Community would lose its character as a tight-knit group of nations with common positions on world trade and foreign policy.

Neither view is right. With 18 or 25 members, the EC will not be able to go on as before. But nor will it seize up or collapse back into a collection of individual sovereignties. As it grows, members will sign up for different things at different times. This is known as a "variable-geometry" or "many-speed" Europe. Though federalists do not always like it, such a Europe is already taking shape.

The German question

German nationalism started or helped start three European wars between 1870 and 1945. Defeat in the last one cost Germany full nationhood. Now it has it back, the rest of Europe wants to know how it will be used. Most Europeans would prefer, as a trio of world powers, America, Japan and the Community to America, Japan and Germany. So probably would most Germans. The question is not "Germany in the EC or out?" but how Germany will use its weight within.

Germany can be awkward if it chooses. It has the same number of seats in the parliament as Britain, France and Italy. But its population is almost half as big again and it wants more seats. Germany is the largest net contributor to the EC budget, to the tune of 9 billion ecus (\$11.3 billion) a year. It is busy absorbing eastern Germany and in no mood to be so generous. Its push for European recognition of the breakaway Yugoslav republics, Croatia and Slovenia, showed a readiness to brush aside British and French pretensions to run Europe's foreign policy.

It is, though, historical fatalism to think that modern, demo-

cratic Germany must repeat its non-democratic past. Geography, certainly, gives it a special interest and a privileged position in the east. Yet for the foreseeable future Germany will have a much bigger trade and investment stake in Western Europe.

Germany's weight in the EC is known. What is not known (most of all, it seems, by the Germans themselves) is how they are to use it. Will Germany nudge Europe towards a more *dirigiste* (French) or more free-market (British) capitalism? Will it push for an open trading block or a closed one which shuns investment from non-European multinationals? Will it continue to favour an Atlantic alliance linked to America or a more continental-minded Europe?

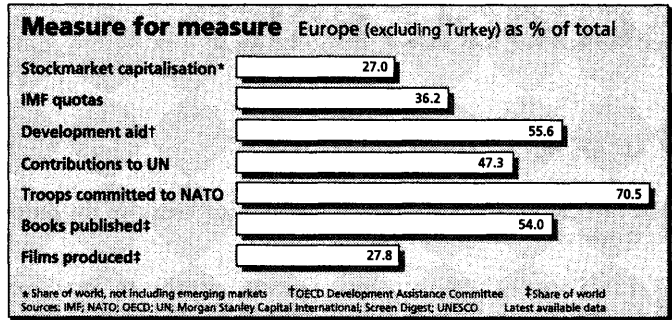
Though Germany will often be the deciding vote, on many of these points German opinion is divided. That leaves its smaller partners room to bargain and argue. As sumo wrestlers know, weight is not everything.

The western question

Western policy during the cold war was to contain the Soviet Union. But cold-war containment worked in a less expected way as well, by keeping economic friction between America, Europe and Japan within reasonable limits. Now that they are no longer united as anti-communists, might these three compete ever more aggressively among themselves as regional power blocks? And in that three-cornered fight, might a European patriotism be born?

Extrapolating the past suggests that, without a common enemy, the western powers could slip from being allies to being antagonists. But extrapolationism is dangerous. Shared interests can override economic conflicts. It is too soon to talk of world economic government. But the GATT, the IMF and the G7 all work so as to lessen economic frictions.

The metaphor of "power blocks" is itself misleading. Only America currently has the combination of wealth, military strength and political cohesion to make it a world power. Japan lacks the military strength, Europe the political cohesion. In terms of social and economic indicators (see charts), the countries of Europe add up to a large and growing presence in the world. As a world power, though, Eu-



rope does not yet exist.

The optimum unit of economic government is now larger than the European nation-state. For that reason alone, the European Community is likely to endure and prosper. There are other reasons for confidence in its future. Compared with other options, it still offers Germany and its neighbours the internal balance that Europe needs. Its economic work is far from done. There is almost a decade of change ahead to get Europe a single currency, and perhaps 20 years to complete the single market (1992 was just a beginning).

Despite common interests and shared views, many European states are hesitant about pooling diplomatic and military sovereignty. A benchmark of progress in this direction would be the EC's readiness to take a single seat on the Security Council at the United Nations. That still looks some way off.

The Community of the future will most probably remain a flexible hybrid with federal and inter-governmental features. It is a novel creature in world politics that could in time be imitated in Africa, America and Asia.

A leap from this sort of EC to a United States of Europe looks less probable. The pressures on European governments to pool economic sovereignty are different from those that produced modern nation-states. There is no urge for unification (19th-century Germany and Italy), no drive for separation (Muslim India in 1947; the Soviet republics in 1991), no desire for independence (decolonisation).

Two other things can help forge a sense of nationhood. One is democracy. Citizens, after all, have to be citizens of something. European voters do seem to want more control over the EC: they want their voice represented at the European level. But it is not clear they want a European authority to command their chief

loyalty as citizens.

Outside pressure is another nation-former. Some Europeans see their continent as a 19th-century nation writ large, with interests to defend against all sorts of external threat, real or imagined: not just economic encroachment by Japan or America, but immigration from the east or the spread of Islam from the south. Yet these dangers do not look real enough to create Europeans. Where believed in, they seem to be fostering bitter nationalism more than Europeanism.

What is Europe? Who is a European? Herodotus thought that, scattered as they were, Greeks were one people because they spoke Greek and had distinctive common values. By that test, Europeans are not a people. No sane European speaks Esperanto or Volapuk. Europe's political values—democracy and human rights—are not Europe's alone. Even if race, religion or colour did define Europeans, they would be tests used by bigots.

An Italian patriot, Massimo d'Azeglio, said, "We have made Italy; now we must make Italians." Treating Europe as whatever Europeans believe it to be seems equally circular. Is Europe, then, a cultural area where musicians use the diatonic scale? Or a geographic one bounded by southern olive groves and northern beech forests?

The fact is that Europe does not need to be defined. It is by its nature open-ended. Whatever 21st-century Europe proves to be, it will not be a 19th-century nation-state built on a continental scale.

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