

GREAT DECISIONS 2008

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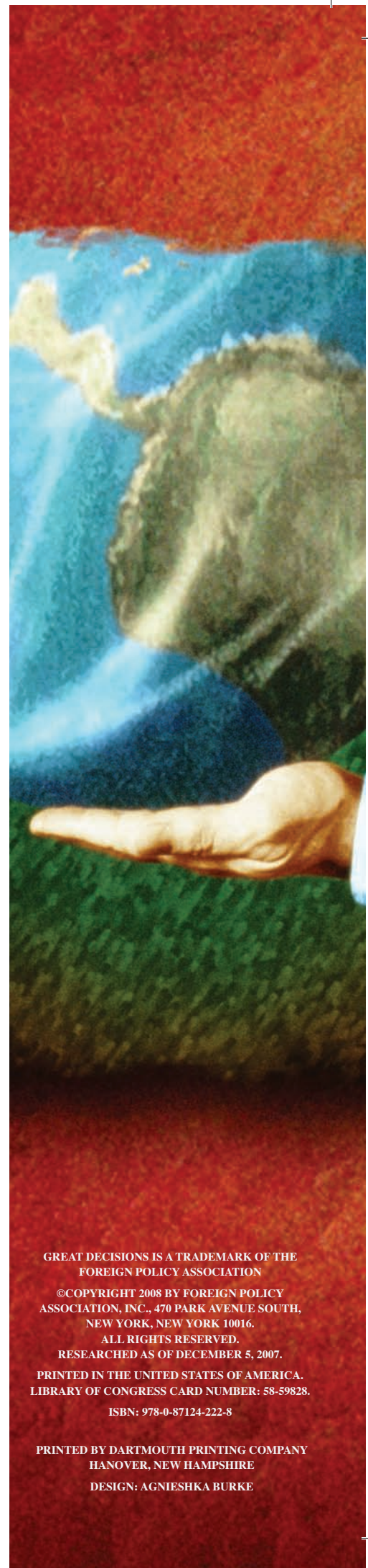
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European integration: looking ahead

by Andrew Moravcsik



French President Nicolas Sarkozy in the plenary room of the European Parliament as he prepares to address the assembly in Strasbourg, France, on Nov. 13, 2007.

In its 50th year, European integration has established itself as one of the most remarkable international developments in modern times. A half century ago, who would have believed that Europe—and, at its heart, hereditary enemies France and Germany—would sponsor the single most successful voluntary international institution in human history? In two generations, European integration has not only contributed to economic growth and political stability first in a post–World War II Europe and more recently in a reunited post-cold-war Europe, but it has fundamentally altered the way Europeans think about national sovereignty and national identity.

Today the European Union (EU) has not only become a single integrated market and trading block of over 489 million people, though that in itself would have been a considerable achievement. For its 27 member countries (see map on p.19), it is also a major legislative force: its regulations and policies reach into many areas of economic and social life. In 1988, Jacques Delors, a former French finance minister and leading EU official, predicted that in a short time 80% of socioeconomic legislation affecting Europeans would be made in Brussels, Belgium. The EU’s activities run the gamut from collective trade liberalization and monetary

stabilization to joint environmental and consumer policies, rulings on gender equality, a single antitrust authority, common approaches to high-technology research and development, and common strategies on asylum. In the 1980s, the European Union undertook the creation of a single market without borders and common regulatory standards. In the early 1990s, it set about to construct a single European currency, a task completed a decade later.

In recent years the EU has undertaken a new set of challenging projects. Most important among these has been enlargement to include a dozen new member states in Eastern and Southern Europe, with more scheduled to follow over the decade to come. Current discussions of membership for Muslim countries in the Balkans, as well as Turkey, demonstrate the EU’s multicultural appeal. There has been movement toward increased democratization of EU institutions. In the last decade, however, near-constant debate, sometimes acrimonious, has arisen over a new “constitution”—a constitutional treaty—for Europe, establishing a foreign minister, stable presidency, and further expanding its powers. Controversial 2005 referendum defeats in France and the Netherlands led many to question the viability and democratic legitimacy of the EU.

As the EU expands, is it becoming a stronger ally for the U.S., or a bigger competitor?

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There has been quiet progress toward close cooperation in foreign and defense policy among the member nations. Most of this has stressed nonmilitary tools of influencing global politics, including enlargement of the EU, trade agreements, foreign aid, multilateral organizations and diplomatic initiatives. The EU, as one leading European diplomatic thinker puts it, is a “postmodern” polity, based largely on the projection of civilian power abroad. But it has also started organizing defense cooperation to help manage the tens of thousands of troops Europe deploys abroad in support of Western goals. In the context of Franco-German

opposition to the war in Iraq, ambitious plans for such cooperation within the constitutional negotiations led to near-panic among U.S. officials.

As this last example suggests, all of these European arrangements not only impose unprecedented limitations on the sovereignty of European governments, but also have implications for the U.S. American businesses, defense planners and foreign policy leaders are all directly influenced by these changes. In many cases, plans may well affect the livelihood of the average U.S. citizen. Finally, Europe’s distinctive commitment to market economics, social welfare provision and multilateral

governance is increasingly viewed as a long-term “European model” for the world—some say a distinctive “European dream” that is more attractive across the globe than the “American dream.”

These new challenges raise a number of questions that will be of particular importance to a new presidential Administration in 2008. What is likely to be the impact of these policies on European citizens and existing national policies? Should the U.S. support European policies? Oppose them? Emulate them in North America? Adapt to them by promoting bilateral cooperation with Europe? ●

History and institutions

The year 1950 marked the launching of European integration—the construction of formal, centralized economic cooperation that would coordinate the national policies of individual European countries. In that year, two French statesmen, Robert Schuman and Jean Monnet, advanced the first proposals for a European Coal and Steel Community (ECSC), an organization designed to coordinate the coal and steel industries of its six member countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands). In 1957, the same six governments negotiated and ratified the Treaty of Rome, creating the European Economic Community (EEC)*. The goal of the new organization was to create a common market by 1970. As a result, all tariffs and most quotas among the members would be eliminated, a common tariff would be created vis-à-vis third-party countries, and a managed system of agricultural trade, the Common Agricultural Policy (CAP), would be constructed.

Three primary concerns motivated

**In 1967, the EEC (or Common Market) and two other treaty organizations were consolidated to form the European Community (EC); with the 1993 ratification of the Maastricht Treaty, it became the EU.*

the governments that negotiated the Treaty of Rome. The first was to tie Germany firmly to the West and prevent another Franco-German war. Even after the North Atlantic Treaty Organization (NATO) was established in 1949 and the stability of West German democracy came to be taken for granted in the 1950s, German Chancellor Konrad Adenauer believed strongly in the need for Franco-German cooperation to defend German cold-war interests—not least in Berlin. The second concern was to provide an alternative to communism, the official Soviet ideology and a potent force among strong opposition groups in France and Italy. The centrist, particularly Christian Democratic, political parties were strong advocates of European integration. Support for integration long remained a particularly important force in Italian, German and Benelux (Belgium, the Netherlands and Luxembourg) public opinion. By contrast, important groups in countries like Britain and Denmark remained relatively skeptical, even hostile to integration.

The third and probably most important motivation for integration was economic. The West European economies were then, and are still, extreme-

ly interdependent. The value of trade per capita was many times higher than in non-European industrial countries like the U.S. or Japan, making Europe sensitive to trade fluctuations. Individual countries had their own reasons for supporting integration. Germany, for example, favored industrial trade liberalization that facilitated exports of its competitive manufactured products. France and Italy gained protected markets for their agricultural goods, at the expense of third-country producers, particularly those in the U.S.

By 1970, the broad outlines of common market and common agricultural policy had been completed, and in the decade and a half that followed, the EC continued to expand. Britain, Denmark and Ireland joined in 1973, followed by Greece in 1981, Portugal and Spain in 1986, and Austria, Finland and Sweden in 1995. Over the same period, the EC continued to broaden its activities. In 1979, after years of experimentation with international monetary coordination, agreement was reached on the European monetary system (EMS). This was an arrangement whereby governments agreed collectively to stabilize and manage currency exchange rates. Environmental rules, antitrust policy, social policy

and regional subsidies developed at a steady rate. In the 1980s, EC members launched the “Europe 1992” initiative to complete the single market by harmonizing and mutually recognizing regulations that impose nontariff barriers. With the Maastricht Agreement in 1992, they opened a drive to create a single European currency, which was completed with the establishment of an independent European Central Bank in 1998 and the introduction of the euro in 2002.

With the collapse of communism in the 1990s, discussions began about the enlargement of the EU to the East and South. This process reached its culmination in the first decade of the new millennium. After extensive negotiations, involving the imposition of substantial economic, legal, administrative and political reforms, 12 new countries joined the EU between 2004 and 2007. Its 489 million citizens now inhabit territory that runs from Malta in the southern Mediterranean to near the Arctic Circle in northern Finland.

In addition to enlargement, the last decade of EU politics has concerned the constitutional structure of the EU. Discussion of the EU’s structure was launched by German Foreign Minister Joschka Fischer’s speech at Humboldt University in 2000 calling for a “constitutional convention.” This was an effort both to encourage reform of decisionmaking, particularly in foreign policy, and to redress the “democratic deficit” in Europe. The effort has been bogged down, however, for seven years—having all but collapsed after unruly French and Dutch voters rejected a draft constitution in referendums held in 2005. Only now does the process seem to be getting back on track.

EU structure

Perhaps the most striking aspect of the EU is its institutional structure. While the EU is best thought of as an international institution, like the United Nations or the World Trade Organization (WTO), rather than a nation-state, it has many elements that most people, particularly in America, are used to as-



- | | | | | |
|---|---|--|--|---|
| EUROPEAN UNION Members (in blue) | Austria
Belgium
Britain
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece | Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden | EUROPEAN UNION Candidates | Croatia
FYR Macedonia
Turkey |
| | | | EUROPEAN UNION Potential Candidates | Albania
Bosnia & Herzegovina
Montenegro
Serbia |

sociating only with modern national democracies. The EU system has four major branches: the European Commission, which proposes legislation; the Council of Ministers/European Council, which legislates; the European Parliament, which sometimes has the right to veto or propose amendments; and the European Court of Justice, which adjudicates disputes concerning the scope and meaning of EU legislation.

The commission is an executive bureaucracy based in Brussels and headed by representatives nominated by, but not formally responsible to, national governments. Many observers, particu-

larly critics, think of the commission as a powerful body—the epitome of the EU as an uncontrollable regulatory “superstate”—but in fact it is probably the weakest of the four branches, and has been declining in power for decades. The commission employs around 5,000 officials (not including clerical and translating staff)—fewer than a modest city government in any member state. Outside of competition policy and a few other areas, EU regulations are in fact implemented by national governments, not officials in Brussels. While the commission enjoys the unique formal power to submit pro-

posals for legislation, this control over the agenda has in practice increasingly been usurped by the European Parliament and the European Council.

The Council of Ministers and its extension, the European Council, are the most conventional and most powerful European institutions. The Council of Ministers is a forum similar to that found in most international institutions. Each member government sends a representative to vote on EU legislation. These votes initially had to be unanimous, and on the most sensitive issues, such as changes to the treaty, they still are. The treaty provided for eventual “qualified majority voting”—a weighted voting system in which Germany’s vote, for example, counts five times as much as that of Luxembourg. Officially, about 70%–80% of the votes are needed to pass legislation. French President Charles de Gaulle blocked implementation of majority voting in the 1960s because he saw it as an infringement of national sovereignty—and a potential challenge to agricultural policy. Majority voting was not reinstated until the late 1980s. In practice, however, the EU works by informal rules whereby governments rarely vote, seeking consensus instead. Objections are generally accommodated, if they reflect a serious political concern.

The European Parliament is a body of more than 700 members, which has been directly elected by citizens of member nations since 1979. It is divided informally into political parties, notably the Socialist and Christian Democratic blocs, and serves as the EU’s public forum. It may not be the primary source of laws, but it debates the legislation before the Council of Ministers and enjoys the right, under special conditions, to veto and propose amendments to certain pieces of legislation passed by the Council of Ministers—a prerogative it is able to exercise only rarely.

The European Court of Justice is a body of 15 judges who rule on the applicability of EU law. Most cases are referred to it by national courts. Over the years, the court has succeeded in asserting constitutional status for the

Treaty of Rome in Europe; that is, in most cases, European law preempts national laws. This quiet process of legal centralization is not unlike the early development of the Supreme Court in U.S. history, though EU law is generally enforced by national authorities and courts, not an independent judiciary.

The single market

By the early 1980s, despite the passage of hundreds of European laws, there was a widespread sense that the EC was stagnating. This, combined with declining competitiveness in high-technology industries, increasing competition from the U.S. and Japan, low growth and rising unemployment, led to a general sentiment of “Eurosclerosis” or “Europessimism.” Europe’s economic future seemed bleak, as did the future of European integration.

The perception that the EC was irrelevant and weak changed with the Single European Act (SEA) of 1986, which became known worldwide as the Europe 1992 program. Spurred by fears of declining competitiveness, pressure from multinational firms and the political leadership of a new European Commission president, Jacques Delors, the act aimed to create a single European market by eliminating nontariff barriers (NTBs) to trade—barriers that result from customs procedures and divergent national regulations. (These include regulations governing the environment, banking and insurance, social security, industrial standardization, food processing, consumer protection and many other areas.) Negotiations over NTBs are often delicate because they affect “behind the border” measures closely related to public purposes or special interests. The SEA lumped nearly 300 proposals into a single package to be completed by the year 1992—hence the name Europe 1992. Governments also agreed to eliminate all border formalities throughout the EC—an arrangement, including some non-EU members, known as the Schengen Agreement, to be extended in 2007 to large portions of the former Eastern Europe.

The SEA was unanimously approved at a diplomatic meeting known

as an intergovernmental conference (IGC). The IGC, in approving a single market, formally authorized the use of majority voting, instead of requiring a unanimous vote, for most single-market issues. The Europe 1992 plan caught on quickly and revitalized European integration. The vision of a single market without borders galvanized business and public opinion, the passage of legislation accelerated, and a surge in the business cycle, probably unrelated to the program, spurred transborder investment, exports and growth. The practice of majority voting spread to other areas, notably environmental policy.

This regulatory revitalization of the EU has been critical for U.S. business. It means that the U.S. faces a coherent economic bloc not just in trade negotiations, but also in everyday regulatory matters. The EU has extended the reach of its regulations in a wide range of areas. Consider food safety. If they wish to compete in integrated global markets, American soybean farmers must produce products that meet not just U.S. standards, but EU standards. Apropos of antitrust policy (called “competition policy” in Europe), Microsoft is only the most recent American firm to be fined by European regulators for its behavior in European markets. When EU competition authorities took exception to the merger between Boeing and McDonnell Douglas in 1997, President Bill Clinton was persuaded by his advisers to take the exceptional step of calling half a dozen European leaders to protest. They all told him the same thing: the decision was made by an independent office in Brussels. Current transatlantic discussions between the EU and the U.S. concerning the transmission of personal information about air travelers have been bogged down because of stricter European protection of privacy.

Maastricht and EMU

Between 1986 and 1990, Jacques Delors, president of the commission, became a world figure, treated almost like a head of state, and journalists around the world reported on the progress of European integration. European leaders—led by the governments of France

and Germany, as had often been the case in EC history—exploited the momentum of Europe 1992 to seek agreement on other issues, beginning in 1988. The French government pressed for cooperation on monetary affairs, an area in which France had long sought to stabilize its own currency and gain greater control over German policy. French President François Mitterrand and his ministers proposed that the EC move forward toward an economic and monetary union (EMU)—with a single European currency replacing the franc, deutsche mark and the others. The German government was more skeptical, but it was prepared to go along if the new arrangements guaranteed the value of the European currency. The imminent reunification of Germany, which had been divided since World War II into a Communist East and a democratic West, gave governments an extra reason to pursue them. The EMU would tie the Federal Republic of Germany to Western Europe during a period of turmoil when Germans might be tempted to choose to go it alone in foreign policy matters.

An Intergovernmental Conference, like the one that had met to negotiate the SEA, was convened in December 1991 in Maastricht, the Netherlands, and it reached unanimous agreement on a Treaty on European Union, generally referred to as the Maastricht Treaty. Some of the steps involved a small expansion of the powers of the European Parliament, as well as some modest steps toward “political union.” It authorized a European social policy from which Britain, in an unprecedented move, opted out entirely; it expanded the use of majority voting in environmental policy; it increased cooperation on foreign policy and defense; it established cooperation on issues of immigration and police cooperation (often referred to as the “third pillar”). The treaty also changed the name of the organization to the European Union. Finally, the conference approved another round of structural funds to assure the support of poorer countries, many of which thought they had little hope of joining the monetary union.

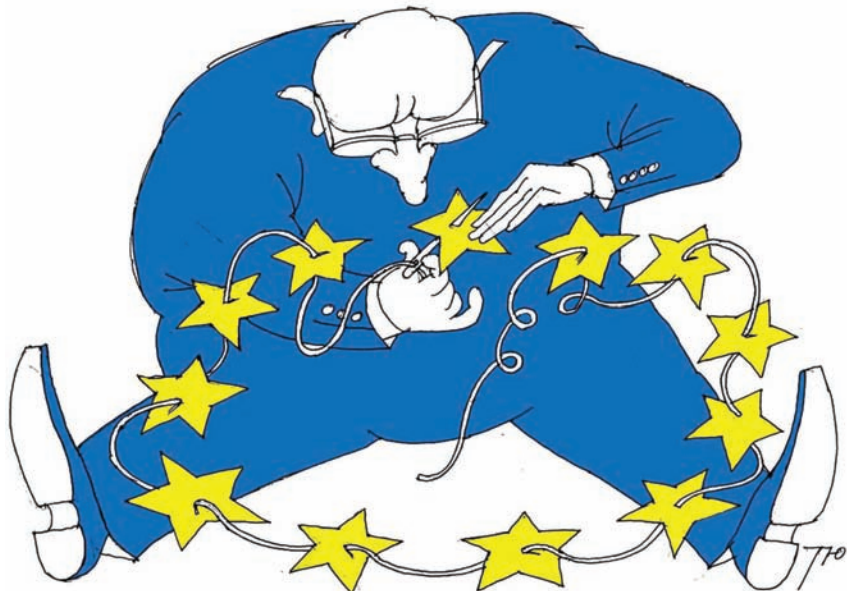
But the major goal of the Maastricht Treaty was monetary union. Within a few years, a European central bank (ECB) would be created and national currencies would be merged into a single European currency, the euro. To qualify, governments had to meet four criteria insisted on by the German government: relatively low inflation, budget deficits and debt, as well as no exchange-rate movements vis-à-vis the currencies of other member states participating in the EMU. The British government was granted a special “opt-out” clause, which permitted it to decide at the last moment whether to join. Governments agreed to move ahead with EMU in 1997 or, if not enough countries qualified, in 1999.

In fact the single currency was introduced, with remarkably little fuss beyond some transitory concerns about misalignment, on February 28, 2002. It is now used in 12 of the 15 pre-enlargement EU member states—all except Britain, Denmark and Sweden. Its record is mixed. Internationally, it has been a success. After a period of weakness, it has risen in value, as third-party countries began to replace their dollar reserves with euros; while this is not good news for European producers, who thereby grow less competitive, it signals that the euro is here to stay.

Within Europe its effects have been uneven. Economists had warned that

Europe was not an “optimal currency area,” with insufficiently homogeneous conditions to make a common monetary policy entirely appropriate. Indeed, some countries (notably Italy) have suffered domestic wage and price inflation in excess of the European average, while others (notably Germany) have maintained greater discipline. Without the traditional tool of currency depreciation to offset these changes, less-disciplined countries have grown correspondingly less competitive—raising the possibility of a catastrophic policy failure in the future.

For some, the Maastricht Treaty signaled a crisis of European political legitimacy. European governments expected the ratification of the treaty, largely handled by national parliaments, to go smoothly. In Britain, opposition was expected but was considered manageable. However, when the treaty was submitted to a public referendum in Denmark, it was rejected. Denmark has a tradition of direct participation in politics, a skeptical attitude toward Europe and a strong state social welfare system. Many Danes criticized the distant, undemocratic nature of the EC and were concerned about possible threats to social protection. A disproportionately large number of women, government employees, the uneducated, rural residents, Social Democrats and recipients of social security payments opposed the



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treaty. The Danish vote received much publicity throughout Europe. It stiffened the opposition to the treaty and strengthened the impression that the public lacked control over EC activities—termed the “democratic deficit.”

The biggest surprise, however, was yet to come. In France, which had traditionally supported integration, President Mitterrand presided over a deeply unpopular Socialist government. He sought to exploit the treaty to strengthen his domestic support by

calling a popular referendum. Polls showed that 70% favored European integration, and he expected the issue to divide his opponents more than his own ruling Socialist coalition. Instead he unleashed a tumultuous public debate that mesmerized the French nation for months, splitting both the Left and the Right. For the first time in a generation, leading French politicians publicly questioned the justification for integration. In the end, the referendum produced only a “*petit oui*” (a little

yes)—a slim victory with only 51% of the vote. In May 1993 the Danes held a second referendum. This time they reversed themselves and narrowly supported ratification of a slightly diluted treaty. But the damage had been done: opponents had effectively accused the EC of being undemocratic and distant, of being a pro-business arrangement that promoted unemployment and suppressed social welfare spending, as well as undermining popular control over policy. ●

Contemporary challenges

With the exception of the completion of the transition to a single currency, Europe has faced three ongoing challenges over the past decade: enlargement of the EU to the East and South, securing greater democratic legitimacy and support and expansion of foreign policy powers.

Enlargement

Since Maastricht, the major substantive achievement of the EU has been its enlargement to the East, extending the EU from 15 to 27 members. Initially membership was expected to be offered to only a few of the most-advanced countries, as was initially favored by Germany. But as the member states bargained among themselves, each with its own favorites, the choice became either no enlargement or the “big bang” across Eastern Europe that eventually came to pass. Enlargement was quietly approved by the parliaments of current member states without popular referendums.

There was initially much skepticism about the economic viability of enlargement. The per capita gross domestic product (GDP) of relatively affluent applicant countries like Hungary and Poland was only around 15% of the current EU average. Could such countries, with low-wage workers and pronounced social problems, accept the regulatory structure and industrial

competition of the core countries, let alone monetary integration? Could EU programs be extended to such countries? Where would the funding come from? Conversely, would existing member states be overwhelmed by a flood of cheap goods and workers willing to work for cheap wages? It is not by chance that the countries most skeptical of rapid enlargement have been France, Italy, Spain, Portugal and Greece, which fear increased competition for scarce CAP resources and structural funding.

Cultural differences and political opposition add a dimension of potential conflict. Although serious consideration of Turkish accession has been postponed, many are openly concerned about the threat to the ideological and cultural unity of Europe should it be admitted. This is one EU issue that has created serious problems in recent referendums, even about unrelated issues such as the EU constitution, and on which a number of EU leaders, including French President Nicolas Sarkozy, have spoken out. Another inevitable result of enlargement will be accentuation of the trend toward a “two-track” Europe, with certain countries accepting all or most policies and other countries accepting only some. This has tended to be the case with most major policies the EU has adopted since 1990, including monetary union, foreign policy co-

operation, the Schengen zone, various social policy measures, and others.

Still, overall, enlargement has been a considerable success to date, with relatively little disruption in either East or West. This was true for a number of reasons. Economically, the new member states, while numerous and populous, are not large economically. Their GDP on entry was only 3% to 4% of the European total. Budgetary subsidies to them, as well as free movement of people from them, were limited in various ways. The process of enlargement was deliberately a slow one, not simply to cushion adjustment, but because EU enlargement has always been subject to “conditionality.” Existing member states not only demand that candidate governments implement tens of thousands of pages of current EU regulations (the so-called *acquis communautaire*), but have also insisted on administrative, social and political reforms to assure that the regulations will be effectively implemented and that general standards of human rights and market competition will be maintained.

On the Western side, a number of countries took advantage of accession to invite new workers into their economies. The recent immigration of 400,000–600,000 Poles to Britain is the largest movement of any single nationality to Britain since the arrival

of the Huguenots in the 17th and 18th centuries. Their arrival was not hap- penstance; the opening of borders was negotiated among British government, business and labor, and has not cre- ated much controversy. Such migrants, many of whom are moving from coun- tries with chronic unemployment to countries with chronic labor shortages, offer European governments a source of labor that does not exacerbate prob- lems connected with Muslim minoriti- es.

Politically, enlargement has also been a remarkably effective tool of po- litical and economic stabilization. In country after country, the promise of EU membership was the political glue holding together coalitions in favor of democracy and market liberalization. Whereas some countries would surely have made a successful transition to democratic capitalism anyway, there are others—such as Slovakia, Poland and Romania—where this prospect was far from certain. EU membership or close association continues to have a powerful effect on countries in the former Yugoslavia, such as Croatia, Montenegro and Macedonia, as well as Turkey, Ukraine and even Morocco.

The next countries slated for con- sideration as members are republics of former Yugoslavia, starting with Croa- tia. Recent changes to the French con- stitution, however, require a national referendum to be held on any future enlargement after Croatia, which may make enlargement difficult. Popular skepticism, combined with the inevi- table time required to work down the Balkans, means that Turkish accession is surely many years away.

European leaders are moving quiet- ly forward in negotiations with poten- tial new members, including Turkey, despite extremely low levels of public support. In recent years, American of- ficials have pushed Europeans to move more quickly, particularly with respect to Turkey. Europeans respond that such pressure is counterproductive, embar- rassing European leaders who are mov- ing as quickly as domestic political support permits. Still, the fundamen- tal question remains to be answered:

Where will the process stop? Can Al- bania someday be a member? Turkey? Ukraine? Belarus? Georgia? Morocco? Israel? Russia? Where are the ultimate boundaries of Europe?

Democracy and legitimacy

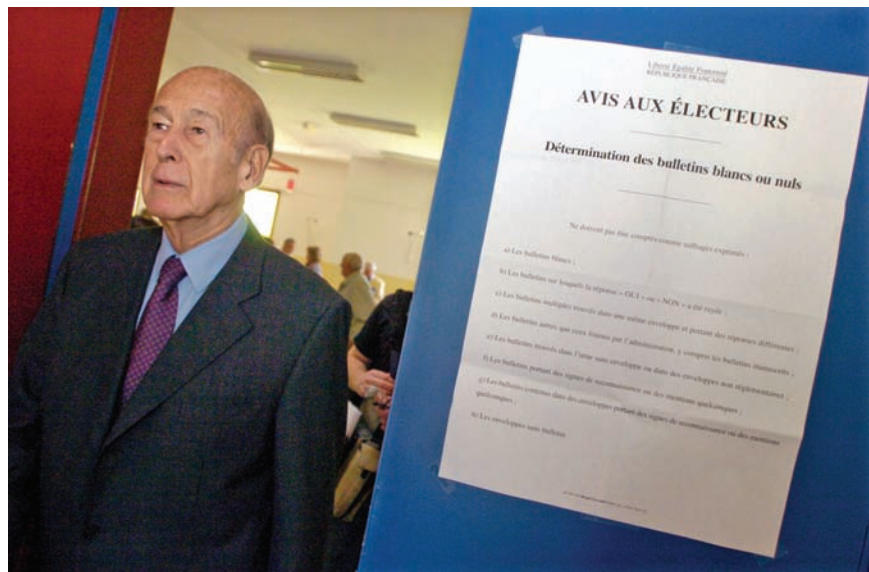
The disappointing results to date of European efforts to promulgate an EU constitution, and in particular the re- jection of a draft document by French and Dutch voters, seems to pose a very fundamental question: Is it possible to construct an international organization spanning more than two dozen coun- tries that is at once efficient and demo- cratic?

Doubts about the democratic legiti- macy of the EU have been raised since difficulties arose in ratifying the Maas- tricht Treaty in the early 1990s. Since then, Europeans have been engaged in a debate about the EU's constitu- tional structure. Between Maastricht and the constitution, two efforts were made to amend the treaty on which the EU functions: one resulted in the Treaty of Amsterdam (1997) and the second in the Treaty of Nice (2001). Both contained modest institutional re- forms with relatively little substantive content; yet both, like the Maastricht Treaty, generated surprising opposition

in countries where referendums, for do- mestic constitutional reasons, had to be held. By the early years of this decade, European leaders were frustrated.

The debate was reopened with Ger- man foreign minister Fischer's May 2000 lecture calling for the EU to be "established anew with a constitution." This would have two aims. The first was to provide more direct democratic control over the EU via direct election of European officials and greater in- volvement of national ones. The sec- ond was to facilitate more effective centralized decisionmaking in areas like foreign policymaking, for an EU of close to 30 members. If it is not pos- sible to do this among all the members of the EU, Fischer speculated, then per- haps a vanguard or "core" group should move ahead—with the others to follow if they wish.

In order to generate more momen- tum for change, a "constitutional con- vention" was held, which proposed a draft constitutional treaty. The resulting document was modest in its substan- tive content. Most important among the changes were a consolidation of fore- ign policy powers, a modest expan- sion of qualified majority voting and parliamentary oversight, a redistribu- tion of voting weights in the commis- sion and council, and a stable five-year



Valéry Giscard d'Estaing, former French president and one of the EU constitution's archi- tects, passes a poster stating voting regulations after casting his ballot in EU constitutional referendum in Chanonnet, France, on May 29, 2005. Voting took place after final opinion polls had already pointed to a rejection of the charter.



WWW.CAGLECARTOONS.COM/FREDERICK DELIGNE

presidency in lieu of the revolving national post.

Nonetheless, the document ran into trouble in the ratification phase. In the summer of 2005, the French and Dutch electorates rejected it. During the controversy over the constitutional treaty in France and the Netherlands, numerous commentators suggested that the EU was too removed from popular control and oversight to be legitimate. A small, distant group of technocrats in Brussels and judges in Luxembourg, accountable to no one, they complained, were intent on constructing a European “superstate.” The European Parliament, they argued, had little power and was itself too diffuse and distant, while the commission and court were unaccountable technocracies. This, combined with increasing dissatisfaction with EU policy, accounted for opposition to the EU. The solution, many believed, should be to “democratize” the EU.

There is good reason to question these criticisms. Polls suggest that voters had not singled out the EU: trust and support of the EU across the conti-

ment was no lower than that of national political institutions. In any case, more democracy would not generate greater legitimacy: data show citizens do not, as a rule, dislike “opaque” institutions like courts, bureaucracies and executives, and they loathe parliaments and elected politicians. Nor do the French and Dutch referenda signal a popular repudiation of Europe. Exit polls and voting studies reveal that few French or Dutch votes were cast with regard to European issues (modest concern about future Turkish accession excepted), let alone the content of the constitution, which in almost every respect is supported by a majority of Europeans. The average voter was motivated almost exclusively by national political concerns, but vented the frustration at Europe.

Nor is it true that the EU functions free of democratic controls. In area after area, the EU is pursuing policies that policy analysts dislike because voters make them comply. Last year left-wing populists successfully vitiated EU services’ liberalization. Turk-

ish accession, probably the single EU policy that could contribute the most to global peace and security, is stalled in the face of public opposition. Pressure from strong green and farm voting blocks bolsters the EU’s intransigent defense of a scientifically dubious WTO negotiating stance on trade in genetically modified organisms (GMOs). Policies to facilitate the entry of foreign workers desperately needed by European economies is impeded by popular concerns about immigration. The EU responds to such pressures because everyone in the system, except the ever-weaker commission officials, is elected: national ministers, heads of government, Euro-parliamentarians.

Indeed, national parliamentary committees can exercise real-time oversight of EU legislation. Denmark and Sweden do so, but they rarely bother. One parliamentarian recently explained why: His colleagues find EU issues far less compelling than national issues like taxes, pensions, health care, education, social benefits, transport, immigration and environmental enforcement. “They don’t like to be woken up at 2 a.m. to approve an EU agricultural subsidy.”

Citizens tend to feel the same way. They have many opportunities to influence Europe but choose not to use them. They shun Euro-elections and refuse to debate EU matters in national elections. The issues they care about remain national. The essential truth is that the EU is just too boring to motivate meaningful political action.

To the extent that some European institutions—the European Central Bank, the Court of Justice, the competition authorities or the trade officials—are insulated from popular pressures, this may be a good thing. Most European politicians and many EU bureaucrats maintain that the EU’s undemocratic nature is often advantageous, because it permits enlightened executives to pursue policies in the general interest that would not otherwise be possible. They note that national governments often “scapegoat” EU officials for unpopular policies, even if the EU has little to do with them.

Even if the EU were intent on de-

mocratizing, there is no agreement on how it would do so. Some institutions (such as an independent EU central bank) simply are not amenable to popular control. The German government, among others, supports democratization by increasing the powers of the European Parliament or by devolving power to regional governments within individual countries; others, notably the French government, would increase the oversight powers of national governments. Both options, but particularly decentralization, would probably slow the EU legislative process. Those who favor democratization concede that nondemocratic means have led to more “efficient” decisionmaking in the past, but argue that it is impossible to continue making policy in this way. Only democratization can restore legitimacy. Other supporters of democracy claim that efficient, undemocratic decision-making is unfair and biased and that it tends to favor certain groups, notably business interests, while inadequately protecting labor and the poor. A majority of business interests tend to support market liberalization and monetary stabilization because they create opportunities for many firms and tend to apply discipline to both wage demands and government spending. EU institutions have been designed to facilitate pro-market policies; they do not facilitate the development of a European social policy. The result has been widespread blue-collar discontent with the EU, reflected in Austrian elections to the European Parliament in October 1996, in which the far-right anti-European Freedom Movement won 28% of the vote, less than 2% behind the mainstream Social Democrats.

Supporters of current arrangements respond that Europe’s major economic problem is inadequate labor flexibility and high pay. Hence budgetary austerity, cuts in social spending and wage restraint are necessary to maintain European competitiveness. Deregulation is what Europe needs most. Moreover, for these supporters of a less-democratic Europe, wage bargaining and true social welfare on a single European scale are, for the moment, unthinkable. To be



A Romanian cattle farmer blows a horn outside the Bucharest agriculture ministry, Oct. 23, 2007, during a protest demanding higher subsidies. EU officials have warned Romania that it must improve controls and auditing of where EU aid is spent or risk a 25% cut in handouts next year.

sure, unions in high-wage countries like Germany would surely benefit if wages were raised in poorer countries like Portugal, Spain, Ireland and Greece, or even Britain or Italy, but productivity in the poorer countries is too low to support anything like German or Danish wages. It is thus appropriate, opponents of democratization maintain, that issues touching on financial matters such as wages, benefits and collective bargaining remain firmly off the European agenda. They also favor continuation of a European social policy limited to measures of secondary importance, such as procedures for informing workers about major management decisions, centralization of company unions, and health and safety measures. This is the position that nearly all European governments actually espouse—whatever they choose to say in public.

It is thus particularly ironic that conservatives and libertarians in the U.S. and Britain are among the most vociferous critics of the EU. On balance, the EU has served to promote free markets, while maintaining an underdeveloped social and regulatory sector. Moreover, with its relatively insulated policymaking procedures and its robust “checks and balances,” it is a model of

a “Madisonian” or “limited” government. With few officials, little power to tax, and no coercive capability of its own, it remains a relatively weak political entity—hardly the “superstate” of which critics warn.

Perhaps the most striking aspect of European negotiations over the past decade, as compared to the first four decades of integration, has been the absence of what Europeans call a “*grand projet*”—a big substantive policy goal like a single market or single currency. Movement to coordinate foreign policy, immigration, social policy and markets these days is incremental. The constitutional treaty contains institutional changes largely unconnected to a major substantive goal. This suggests that the process of European integration may have reached a plateau—a stable equilibrium from which future movement will be evolutionary rather than revolutionary. One might call this stable situation a “European constitutional compromise,” in which a relatively stable set of tasks are now allocated to the EU and national governments. Yet this is in no way to belittle the EU, but instead to accept that it has reached political maturity. Europe demonstrates for the rest of the world that modern multilat-

eral institutions can be stable, effective and legitimate.

Foreign policy cooperation

EU governments have long cooperated on foreign economic policy—a necessity due to the common external tariff. The EU countries must also cooperate if they are to impose trade sanctions; however, in practice it tends to be difficult to gain assent from all members. Europe has long been criticized, however, for being an “economic giant but a political dwarf.” In the 1970s, Henry Kissinger quipped: “If Europe has a foreign policy, I wish someone would tell me its telephone number!” Europeans are often criticized for their tendency to split over the most important foreign policy issues. Many associate this with differing views toward the U.S.—and stylize European disputes as dividing “Atlanticists,” who often side with the U.S. and NATO, from “Gaullists,” who prefer a more independent foreign and military policy. It is widely believed that unless the Europeans can act more closely together, they have insufficient political power to influence world events.

Certainly there are important areas of disunity. European governments have long had diverse views toward the

Middle East, which has hampered effective regional diplomacy. Disagreement over when and how to recognize breakaway Yugoslav republics in the early 1990s is believed to have exacerbated regional conflict. Individual national economic or political interests have blocked action in specific cases, such as a coherent response to human rights abuses in Myanmar (Burma). Today there is much concern about energy. Europeans have been unable to negotiate effectively against Russian efforts to establish control over energy supplies to Europe, because European energy policy remains subject to unanimity voting. This plays into the hands of Russian President Vladimir Putin, who offers pipeline deals to individual national governments, such as Italy, which then block a concerted European response.

Similar arguments are made about European defense cooperation. European governments split over the U.S. invasion of Iraq in 2003—a division often referred to, in the words of U.S. Secretary of Defense Donald Rumsfeld (2001–2006), as a rift between “old Europe” and “new Europe.” This is widely viewed as undermining the coherence and effectiveness of European diplomacy vis-à-vis the U.S., and

many conclude therefore that a more centralized position is required in order to stand up to the U.S. Some, such as the German philosopher Jürgen Habermas, have gone so far as to propose that Europe should seek an “identity” in anti-American foreign policy.

Yet these arguments may understate the true power of European foreign and defense policy today—for four basic reasons.

First, the EU is undeniably a “civilian superpower” in nonmilitary areas. Europe gives 70% of the world’s foreign aid, provides the bulk of support for multilateral institutions, is the major trading partner of almost every country in the Mediterranean, Middle East, Africa and former Soviet Union, and conducts or supports most of the peacekeeping missions in the world. Above all, it can offer membership in the EU itself—probably the most cost-effective instrument to spread peace and stability any Western government has deployed since the end of the cold war in 1991.

At this nonmilitary or low-intensity military level, the level of European consensus is high. In global multilateral organizations, the policies of European member states are coordinated. In the UN, for example, nearly all diplomatic stances below the Security Council level are joint, with one country speaking for all EU members. European countries tend to have broadly similar positions on human rights and democracy, the environment, development issues, trade and finance, and other issues. Around 10% of European aid is disbursed by the EU.

Second, even in military matters, it is misleading to focus on high-profile transatlantic and intra-European squabbles, such as those surrounding the Iraq War. They are atypical. Focusing on them obscures the fact that Europeans have agreed with one another—and with the U.S.—on nearly every other use of military force since the end of the cold war. Despite occasional disagreements about tactics, as in the former Yugoslavia, from the first Persian Gulf War through Lebanon and Afghanistan today, Europe and America have almost



Turkish family and Chinese tourists shop in a produce market in Istanbul, Turkey, Nov. 5, 2007. That day the EU enlargement commissioner presented the latest annual report on Turkey’s progress toward EU membership. The EU condemned Turkey’s failure to address human rights issues and many other needed reforms.

always been on the same side. Iraq is in fact the exception rather than the rule—and, as current events are clearly demonstrating, it is an exception that is unlikely to be repeated often. With more relatively Atlanticist leaders like Sarkozy and Germany's Angela Merkel in power on the continent, this trend is likely to strengthen in the immediate future.

Third, Europe functions effectively even when it acts informally or in “coalitions of the willing.” To date, foreign policy and military actions in Europe have realistically been limited to those governments that feel a particular interest in a particular issue—and this is likely to continue. Given the diversity of views in Europe, the political sensitivity of foreign policy matters and the lack of an overriding external threat, this is to be expected. Yet it has often been effective. In recent years, Europe has conducted successful democracy-promotion, economic reform, diplomatic engagement, anti-separatist and anti-terrorism policies with Libya, Lebanon, Morocco, Macedonia, Ukraine, Turkey, Chad, Kosovo and Sierra Leone, to name just a few. The EU has conducted a coherent policy of diplomatic engagement with Iran over the past few years, managed by the larger states.

Fourth, in recent years, the secretariat of the Council of the European Union has slowly emerged, under the leadership of the EU's foreign policy chief, Javier Solana, as a center for foreign and defense policy coordination. In foreign policy, powers are still split between the European Commission, which manages economic policies, and the national representative of the EU presidency, which rotates among the 27 members. The constitutional treaty is designed to streamline this system by merging these functions: granting greater agenda control to a single official (a European “foreign minister”); and establishing a five-year presidency.

The Maastricht Treaty envisaged tighter cooperation on defense issues through the Western European Union (WEU), a largely inactive organization created in the late 1940s. Today there are nearly two hundred flag officers

based in Brussels, who are increasingly engaged in planning. The EU runs more than a dozen operations from Macedonia to the Middle East. Most are small, but they may well be a harbinger of the future. Increasingly bi- and trilateral cooperation to create interchangeable NATO and EU forces is under way.

The U.S. has traditionally adopted an ambivalent position toward defense cooperation among European countries, which it has tended to view as detrimental to transatlantic cooperation. During the cold war, a high premium was placed on clear hierarchy, ideological conformity, tight operational control and nuclear credibility on the front lines in Europe. If a Soviet attack had ever occurred, the failure of even a single country to participate in the common NATO defense might have been disastrous. In 2003 and 2004, French and German opposition to the U.S. invasion of Iraq led the Bush Administration, already conservative in its views, to take a hostile position toward proposals for defense coordination, which was discussed in the EU constitutional convention. U.S. suspicion remains, even if the official stance has softened somewhat in the second Bush Administration.

Yet such fears are exaggerated. European governments remain highly dependent on American NATO assets for transport, reconnaissance and support aircraft, as well as diplomatic backing. NATO decisions are taken by unanimity and it is unlikely that the U.S. would authorize the diversion of its military assets in any case judged to contravene the national interest. A truly independent European defense policy, including the development of European transport, air and space resources, would cost some 2% of European GDP—a political impossibility at a time when budget cuts are critical.

Europeans have little incentive to pay these costs. The traditional Anglo-French antagonism over defense has all but disappeared. During the 1990s, the French moved to integrate more closely with NATO, while Britain has moved toward Europe. In 1997, British Prime Minister Tony Blair and French President Jacques Chirac signed a de-

fense agreement at St. Malo, France—and while the Iraq episode interrupted this evolution, Anglo-French cooperation remains close. Today no European government supports the elimination or demotion of NATO. However, all European governments favor the strengthening of a parallel and independent EU planning capacity.

The European Security and Defense Policy (ESDP) saw its military staff, based in Brussels, declared operational June 11, 2001, by the Treaty of Amsterdam. The treaty made particular reference to so-called “Petersberg tasks” of “humanitarian and rescue missions, peacekeeping and tasks of combat forces in crisis management, including peacemaking.” The first EU military operation, Concordia, in the former Yugoslav republic of Macedonia, began in 2003. The EU is currently conducting 4 military operations and 11 civilian ones, with another operation in Kosovo about to be launched.

Some American conservatives remain suspicious of European intentions. Others respond that it is unclear today that a return to a hierarchical NATO-led structure would be either possible or in the U.S. interest. With the Russian threat receding, NATO military power has become an insurance policy in Europe. NATO is seeking new missions, which include symbolic domestic reassurance, peacekeeping and counterterrorism actions in any one of hundreds of small areas in Central and Eastern Europe. There remain a few tasks that require universal participation: control of dangerous nuclear substances and deterrence against a residual Russian threat. In most situations today, is it more important that governments have the political flexibility to act, rather than to force a universal response that may be blocked by recalcitrant states? A firmer “European pillar,” even if it were able to act autonomously, might well strengthen and diversify NATO, while reducing the need for constant and costly U.S. involvement. ●



**OPINION BALLOTS
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POLICY OPTIONS

1. The U.S. should press the EU to move quickly on Turkish accession.

PRO: Turkey is an important ally because it is a bridge between East and West, both physically and metaphorically. It is important strategically to make sure Turkey is a secure member of the West as soon as possible. In addition, it's insulting to keep the Turks waiting for so long, when other countries with weaker economies have already joined the EU.

CON: There are a lot of issues involved in adding a new country, like immigration, that would have a big impact on the EU, but would not affect the U.S. It's a decision to be made by Europeans, not by the U.S.

2. The U.S. should discourage the EU from getting involved with international military operations.

PRO: Having another group fielding troops just gets confusing on the ground, when it's not clear who should be in charge. In addition, by sponsoring its own defense initiatives, the EU will be less willing to take part in NATO.

CON: If the EU is willing to help out in the many worldwide situations that require assistance, they should be encouraged. They are a strong ally of the U.S., so it is unlikely that they would act counter to U.S. interests.

QUESTIONS

1. Do you think Turkey, a Muslim country, can become a member of the European Union (EU)? What are the advantages and what are the drawbacks to Turkish membership, both for the EU and for Turkey?

2. Should the U.S. press the EU to move more quickly on Turkish accession? Why would the U.S. want Turkey to become an EU member?

3. Do you think the EU is too big, with 27 disparate members? Where would you place the ultimate boundaries of "Europe"?

4. Should the U.S. feel threatened by increased cooperation among European countries on defense issues?

5. Is it in the U.S. interest to have three of the more prominent EU states, Britain, France and Germany (the EU-3), seeking to find a peaceful way to deal with confrontational countries such as Iran?

6. Today the EU runs more than a dozen operations—military and civilian—from Macedonia to the Middle East. Most are small, but they may be a harbinger of the future. Should the U.S. welcome these varied efforts by the EU or attempt to dissuade it from playing a role on the international scene?

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Kagan, Robert, **Of Paradise and Power: America and Europe in the New World Order.** New York, Vintage, 2004. 176 pp. \$11.95 (paper). The author emphasizes that U.S. and European policymakers view the world differently and that they often seek different solutions to the world's problems.

Leonard, Mark, **Why Europe Will Run the 21st Century.** New York, PublicAffairs, 2006. 192 pp. \$11.95 (paper). The author argues that European diplomacy speaks volumes while the U.S. and its omnipresent military "has become so overwhelming that it has defeated everything, including itself."

McCormick, John, **The European Superpower.** New York, Palgrave Macmillan, 2006. 256 pp. \$28.95 (paper). The author, rejecting the notion that U.S. military power confers supremacy, argues that the U.S. must compete with a new nature of superpower—the EU.

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