

Europe's Troubles

Sebastian Rosato

Power Politics and the State of the European Project

For a decade after the end of the Cold War, observers were profoundly optimistic about the state of the European Community (EC).¹ Most endorsed Andrew Moravcsik's claim that the establishment of the single market and currency marked the EC as "the most ambitious and most successful example of peaceful international cooperation in world history." Both arrangements, which went into effect in the 1990s, were widely regarded as the "finishing touches on the construction of a European economic zone."² Indeed, many people thought that economic integration would soon lead to political and military integration. Germany's minister for Europe, Günter Verheugen, declared, "[N]ormally a single currency is the final step in a process of political integration. This time the single currency isn't the final step but the beginning."³ Meanwhile, U.S. defense planners feared that the Europeans might create "a separate 'EU' army."⁴ In short, the common view was that the EC had been a great success and had a bright future.

Today pessimism reigns. When it comes to the economic community, most analysts agree with former German Foreign Minister Joschka Fischer's claim that it is "in a moment of a very severe crisis." The conventional wisdom, notes the European Union's ambassador to the United States, João Vale de Almeida, is that the EC "is dying, if not already dead."⁵ At the same time, hardly anyone still predicts political or military integration. Journalist Steven Erlanger offers

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1. With the signature of the Treaty on European Union on February 7, 1992, the European Community came to be known as the European Union (EU). For simplicity, I refer to the European Community, the Community, or the EC throughout.
2. Andrew Moravcsik, "Despotism in Brussels? Misreading the European Union," *Foreign Affairs*, Vol. 80, No. 3 (May–June 2002), pp. 114, 121.
3. Quoted in Christopher Booker and Richard North, *The Great Deception: Can the European Union Survive?* (London: Continuum, 2005), p. 435.
4. Seth G. Jones, *The Rise of European Security Cooperation* (Cambridge: Cambridge University Press, 2007), p. 5.
5. Steven Erlanger, "Economy Shows Cracks in European Union," *New York Times*, June 9, 2009; and João Vale de Almeida, "E.U. Achievements Refute Critics' Claims of Failure," *Washington Post*, October 9, 2010.

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a neat summary of the situation: “[T]he continent’s most devoted advocates are scaling down their ambitions. Few speak any longer of a Europe that is a significant political or military counterweight to the United States.”⁶

Why has the European project run into trouble and where is it headed? To be more specific: Why have the Europeans not created a full-blown political or military community? Why has the economic community started to fray? And what does the future hold for political, military, and economic integration in Europe?

To address these questions, one needs a theory of institutions. That theory must account for two developments. First, it must explain why the Europeans built and maintained an economic community—the EC—in the Cold War (1945–90). This task is fundamental because the EC is a remarkable institution, one that is often described as “unique” or “exceptional.”⁷ What makes it stand out compared with other institutions is that it involves integration rather than cooperation: not only did the West European states agree to coordinate their efforts, but they also gave up part of their sovereignty—the authority to make policy autonomously—to a central actor.⁸ Second, the theory must account for what has happened in Europe in the post-Cold War era (1991–present). It must explain why, contrary to most commentators’ expectations, the Europeans have made no real attempt to establish a political or military community since the Cold War ended. In addition, it must explain why the economic community endured in the 1990s, but has been fraying since the turn of the century. If it can perform these tasks, the theory can then be used to predict the future.

According to my theory, institutions largely reflect the distribution of power. States confronting a common, powerful adversary can cooperate or integrate. If their opponent is a great power and they are also great powers, then they cooperate—they pool their assets and coordinate their policies.⁹ But if their opponent is a great power and they are minor powers, then they realize that they must organize their efforts as efficiently as possible, and they consider integration. This is not a welcome prospect, because it involves surrendering sovereignty. But if they cannot devise an alternative strategy that does not impinge

6. Erlanger, “Economy Shows Cracks in European Union.”

7. Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca, N.Y.: Cornell University Press, 1998), p. 1; and Craig Parsons, *A Certain Idea of Europe* (Ithaca, N.Y.: Cornell University Press, 2003), pp. 1–2.

8. For this definition of sovereignty—he refers to it as “Westphalian” sovereignty—see Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, N.J.: Princeton University Press, 1999), pp. 20–24.

9. This definition of cooperation is based on David A. Lake, *Entangling Relations: American Foreign Policy in Its Century* (Princeton, N.J.: Princeton University Press, 1999), p. 25.

on their sovereignty, they grudgingly accept integration. Once they have decided whether to cooperate or integrate, states then establish institutions to ensure that their agreements operate as smoothly as possible. It follows that as long as the underlying distribution of power endures, so too do the institutions associated with it; and when the power architecture changes, the institutions do as well.

The making of the EC is best understood as a response to the postwar distribution of power. After World War II, the Soviet Union was the only great power in Europe: none of the states east of the Elbe could balance Moscow by itself. Moreover, the Europeans worried that the United States, which had stepped in to defend them after the war, would eventually withdraw its forces from the region. Therefore, they concluded that they would have to be ready to balance against the Soviet Union on their own and created the EC. The thinking behind their decision was straightforward: in an age when economic power was the key determinant of military might, they had to build an economic coalition; and because the Soviet Union was so powerful, that coalition had to take the form of a single regionwide economy governed by a central authority. Of course, this meant surrendering sovereignty, but the Europeans felt that they had no other option if they wanted to ensure their security without U.S. help. Similar thinking prompted them to consider building a military community as well. But because the power-enhancing effects of integration take hold more quickly in the military than in the economic realm, they chose to retain their military sovereignty and wait to form a military community in the event that the United States actually withdrew its forces and left them to contain the Soviet Union on their own.

No major changes in the European power architecture occurred between 1960 and 1990. Accordingly, the Europeans did not alter the arrangements that they had crafted in the 1950s in any meaningful way. To be sure, they cooperated in political and military affairs, but they did not take any serious steps toward establishing a political or military community. Meanwhile, the EC evolved considerably but did not undergo a fundamental transformation.

The collapse of the Soviet Union radically altered the balance of power: since 1991 the Europeans have not confronted an overwhelmingly powerful adversary. This has had profound implications for post-Cold War Europe. It has meant that the EC member states have not attempted to establish a political or military community. At the same time, the demise of the Soviet Union has meant that the Europeans have not had a compelling geopolitical reason to preserve their economic community. The effects of this structural change did not manifest themselves in the 1990s because these were years of great pros-

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perity in Europe. Since the turn of the century, however, the economic situation has worsened, and the EC has shown unmistakable signs of strain.

Mine is not the only explanation of what has happened in Europe since 1945. Others have attributed developments in Europe's institutional landscape to the U.S. military presence, high levels of economic interdependence, or a desire to transcend the nation-state system. As I explain, however, these arguments are not convincing.

As for the future, my theory predicts that the Europeans are unlikely to take any real steps toward establishing a political or military community as long as there are no significant changes in the balance of power. They will also continue to have no compelling reason to preserve their economic community. Consequently, further economic crises are likely to lead to the further fraying of the community, and if those crises are deep enough, the EC may become a shadow of its former self. Indeed, the best-case scenario is that the economic situation improves and the Community continues to muddle along.

The rest of this article proceeds as follows. I begin by describing my theory and the three alternatives. Next, I show that my theory offers a compelling account of the making and maintenance of the EC. After that, I demonstrate that my theory does equally well at explaining events in Europe since the end of the Cold War. Then I consider how well the alternative theories account for the historical record and find them wanting. Finally, I use my theory to predict the future of European integration.

Explaining Institutions

A theory of institutions must address a series of questions: Why do states establish institutions? How can one explain the form those institutions take? And what accounts for their endurance, transformation, and dissolution? My central argument is that the answers to these questions are largely to be found in the distribution of power.

A BALANCE OF POWER THEORY

States are aware that there is no international sovereign to protect them and that they cannot know one another's intentions. Consequently, they fear one another and pay careful attention to how much power they have compared with their competitors. The reason for this concern is obvious: more powerful states have the means and may have the motive to hurt weaker ones.¹⁰

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10. This is the basic argument of Kenneth N. Waltz, *Theory of International Politics* (New York:

“Power” in this context refers to material resources and organizational effectiveness, which together determine a state’s ability to deter or defend against actual or potential opponents. The resources that matter most are military and economic: a state must have a large, well-equipped military to remain secure and, at the same time, it must have a large, advanced economy because economic might is the fundamental basis of military might.¹¹ Although resources are crucial, organizational quality is equally important because it determines how well a state can muster and deploy its military and economic assets against its competitors.¹² In short, states understand that they must attend to both their organizational effectiveness and their resource base.

This concern about the balance of power means that states confronted by a common opponent have an incentive to join forces and balance against it. By building a balancing coalition, they improve their chances of deterring a more powerful rival and, if deterrence fails, defeating it in war.¹³ The ease with which they can establish a viable countervailing coalition depends on the relative power of their opponent. If they are great powers and it is also a great power, then building a viable coalition is a fairly easy task. The reason is that great powers are “approximate equals.”¹⁴ Simply by agreeing to coordinate its efforts, a group of weaker great powers can array enough assets against a stronger great power to deter or defeat it. If, however, the aspiring balancers are minor powers and their opponent is a great power, then forming a viable countervailing coalition is a tougher proposition. One problem is that the great power may be so strong that they have no chance of deterring or defeating it even in combination. In such situations, there is no point in trying to form a coalition. Then there is the matter of execution: the great power is unlikely to stand by idly as the weaker powers join forces against it and, because it has a

McGraw-Hill, 1979), pp. 102–128; and John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), pp. 29–36.

11. For a comprehensive discussion of power, see Mearsheimer, *The Tragedy of Great Power Politics*, pp. 55–137.

12. On the importance of military organization, see João Resende-Santos, *Neorealism, States, and the Modern Mass Army* (Cambridge: Cambridge University Press, 2007), pp. 9–13, 62–66. On the effect of organization on economic growth, see Douglass C. North and Robert Paul Thomas, “An Economic Theory of the Growth of the Western World,” *Economic History Review*, Vol. 23, No. 1 (April 1970), pp. 1–17.

13. On balancing, see Mearsheimer, *The Tragedy of Great Power Politics*, pp. 156–157; and Waltz, *Theory of International Politics*, p. 118.

14. Waltz, *Theory of International Politics*, p. 132. For other definitions, see Mearsheimer, *The Tragedy of Great Power Politics*, p. 5; and Jack S. Levy, *War in the Modern Great Power System, 1495–1975* (Lexington: University Press of Kentucky, 1983), p. 16. The logic outlined here holds even using these alternative definitions. For a list of the great powers, see Mearsheimer, *The Tragedy of Great Power Politics*, p. 404.

large power advantage over each of them, it can put a stop to their coalition-building efforts relatively easily.

Given these difficulties, minor powers confronting a great power can consider building a counterbalancing coalition only under certain conditions. They must have the combined material means to balance their opponent effectively. I estimate that a coalition at less than a 3:1 power disadvantage stands a reasonable chance of deterring or defeating an adversary.¹⁵ Furthermore, the prospective balancers must have an opportunity to get their coalition up and running. There must be some practical reason that the great power cannot project its power against them and stymie their coalition-building efforts. For example, the great power may be weaker than usual because it has recently fought a war and is exhausted. Alternatively, it may be temporarily preoccupied with domestic unrest or another threat. Finally, a great power may be unable to derail the formation of an opposing coalition whose prospective members are temporarily protected by a competing great power sponsor.¹⁶

COOPERATION AND INTEGRATION. Whether threatened states cooperate or integrate depends on the balance of power between them and their common opponent. If one or more of them are great powers and their rival is a great power, they cooperate; the coalition members agree to coordinate their efforts, but they do not surrender the right to autonomous decisionmaking. One reason for this is that their opponent has only a modest advantage over the strongest coalition member, and therefore a straightforward agreement to join forces is enough for the weaker states to balance its power. Another reason is that integration entails surrendering sovereignty, something states are extremely reluctant to do unless they have no alternative. Part of this reluctance derives from the conviction that they can ensure their security only if they retain the authority to make decisions in what they believe are their best interests.¹⁷ Moreover, sovereignty is inextricably linked to nationalism, an especially powerful political ideology that holds that nations—groups of individuals with an explicit and peculiar character—should have their own independent states.¹⁸

15. On this point, see Sebastian Rosato, *Europe United: Power Politics and the Making of the European Community* (Ithaca, N.Y.: Cornell University Press, 2011), pp. 26–27, 231–234.

16. Only temporary opportunities push weak states to build coalitions. If the great power were permanently weakened or the great power sponsor offered permanent protection, the aspiring balancers would not have a strong motive to form a balancing coalition.

17. Joseph M. Grieco, "Understanding the Problem of International Cooperation: The Limits of Neoliberal Institutionalism and the Future of Realist Theory," in David A. Baldwin, ed., *Neorealism and Neoliberalism: The Contemporary Debate* (New York: Columbia University Press, 1993), p. 315.

18. This definition is based on Stephen Van Evera, "Hypotheses on Nationalism and War," *International Security*, Vol. 18, No. 4 (Spring 1994), p. 6.

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The situation is different when a group of minor powers confronts a great power. In theory, such a group may be so strong that its members can secure themselves simply by cooperating. In practice, however, every group of minor powers in the modern period has been markedly weaker than the great powers in its region of the world.¹⁹ This relative weakness leads groups of minor powers confronting a great power to place a premium on organizing their coalitions as efficiently as possible. Because they are inferior to their adversary, even in combination, they understand that even a slight increase in its power could leave them at its mercy. Also, they have already maximized the assets available to them by joining together. So they turn to improving their organization, fearing that poor organization could be the difference between life and death.²⁰

All else being equal, the efficiency requirement pushes minor powers to go beyond cooperation and opt for integration. Simple calculation suggests that an integrated military establishment is likely to be more efficient and therefore more powerful than a decentralized one, not least because a central authority provides members with enhanced strategic, operational, and tactical coordination. Likewise, minor powers understand that they can benefit from the economies of scale and innovations that go with large single markets only by establishing a single economy.²¹ Integration can also be the product of imitation. In seeking to increase its power, a coalition is likely to copy the organizational features of the most powerful actors in the system—in this case, the great powers.²² Of course, no two great powers are alike, but they share one feature by virtue of their being states: they have a central governing authority.²³ As a result, groups of minor powers conclude that they, too, must establish a central authority if they are to compete with the great powers.

Although balance of power reasoning points to the need for integration, states are extremely reluctant to go down this road because it means surrendering sovereignty. This is especially true in the military realm because states are more attached to autonomy in areas that clearly impinge on their security. Therefore, minor powers confronting a great power rival look for alternative

19. Rosato, *Europe United*, pp. 232–233.

20. For a similar argument, albeit with reference to equally matched states, see Waltz, *Theory of International Politics*, pp. 171–172.

21. On economies of scale, see Paul R. Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, 4th ed. (Reading, Mass.: Addison-Wesley, 1997), pp. 121–158. On market size and innovation, see Christopher Freeman, *The Economics of Industrial Innovation*, 2d ed. (Cambridge, Mass.: MIT Press, 1982).

22. For the claim that states imitate the practices of the most powerful among them, see Waltz, *Theory of International Politics*, p. 127.

23. On this point, see Michael C. Desch, “War and Strong States, Peace and Weak States?” *International Organization*, Vol. 50, No. 2 (Spring 1996), p. 240.

arrangements that offer to establish a favorable balance of power without requiring them to give up their sovereign prerogatives. If they cannot come up with a solution that is preferable to integration on power and sovereignty grounds, however, they conclude that they have no choice but to establish an integrated coalition. After all, they understand that if they do not integrate, they may not survive.

INSTITUTIONS. Having decided how they are going to join forces, states then establish institutions—rules that prescribe and proscribe acceptable and unacceptable forms of behavior.²⁴ The reason is simple: if they are to achieve their common goal, they need to know what issues are covered, what is expected of them, what they can expect from their partners, how decisions are going to be made, and so on.

In this way, institutions reflect the distribution of power. The power gap between a group of states and a common adversary largely determines whether and how those states come together, and they then establish institutions to ensure that their joint endeavors run as smoothly as possible. It follows that as long as the distribution of power that generated a particular set of institutions endures so, too, do those institutions. Likewise, an alteration in the power architecture that gave rise to a set of institutions is likely to be accompanied by a transformation of them.²⁵

ALTERNATIVE EXPLANATIONS

Scholars have advanced several other theories to account for developments in the European institutional landscape since World War II. The “pacifier” argument attributes the creation of the EC to the U.S. presence in Europe during the Cold War. After World War II, so this realist story goes, the United States moved to prevent the extension of Soviet power into Western Europe by committing troops to the continent and creating a powerful alliance system. The U.S. presence did more than contain the Soviet Union, however; it meant that the Europeans no longer had to fear one another and could cooperate for mutual gain. As Josef Joffe explains, “Once the issue of security was dispatched,

24. This definition is based on Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984), pp. 57–61; and John J. Mearsheimer, “The False Promise of International Institutions,” *International Security*, Vol. 19, No. 3 (Winter 1994/95), pp. 8–9.

25. For similar arguments, see Stephen D. Krasner, “Global Communications and National Power: Life on the Pareto Frontier,” *World Politics*, Vol. 43, No. 3 (April 1991), pp. 336–344, 360–366; Mearsheimer, “The False Promise of International Institutions,” pp. 13–14; and Kenneth N. Waltz, “Structural Realism after the Cold War,” *International Security*, Vol. 25, No. 1 (Summer 2000), pp. 18–27.

collective gain could overwhelm the logic of rivalry and relative gain."²⁶ This, in turn, led the Europeans to establish the EC.

Liberal theorist Andrew Moravcsik attributes integration to high levels of military or economic interdependence. When states are highly interdependent, domestic interest groups demand integration, and their governments respond by striking integrative bargains with other states. As Moravcsik puts it, decisions to integrate can be viewed as "pragmatic responses to economic and geopolitical interdependence."²⁷ It follows that communities will endure as long as their members remain interdependent and that they will fray as their members become less interdependent.

Arguing from a constructivist perspective, Craig Parsons attributes the creation of the EC to a desire to transcend the nation-state system. Key decision-makers believed that independent nation-states were bad for welfare: they "tended inevitably toward conflict; they also divided Europe's economic markets into small, inefficient pieces." Therefore, they concluded that some functions "needed to be organized above the national level" and, in response, built the EC. Parsons further argues that, over time, decisionmakers who did not originally support supranational solutions came to embrace "pro-community" ideas because of their repeated interaction with EC institutions. Indeed, by the mid-1990s, elites in the major European states agreed that a "quasi-federal Europe" was in their "interests."²⁸

European Integration, 1945–90

My theory explains why the Europeans built an integrated economy and considered, but ultimately rejected, political and military integration in the 1950s.²⁹ Also, it accounts for events between 1960 and 1990. Specifically, it explains why the Europeans maintained their economic community and continued to refrain from political and military integration.

ORIGINS, 1945–60

Developments in Europe's institutional landscape in the early Cold War can largely be understood as the product of balance of power politics. Indeed,

26. Josef Joffe, "Europe's American Pacifier," *Foreign Policy*, No. 54 (Spring 1984), p. 73. See also John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security*, Vol. 15, No. 1 (Summer 1990), p. 47; and Waltz, *Theory of International Politics*, pp. 70–71.

27. Moravcsik, "Despotism in Brussels?" p. 117. My description of the argument relies on Moravcsik, *The Choice for Europe*, pp. 3–4, 18–77.

28. My description of the argument relies on Parsons, *A Certain Idea of Europe*, pp. 1–28, at pp. 26, 44.

29. For evidence that the theory accounts for the creation and shape of dozens of other institu-

power considerations explain both why the Western Europeans decided to build a balancing coalition and why that coalition took the virtually unprecedented form that it did.

MOTIVE, MEANS, AND OPPORTUNITY. The distribution of power between 1945 and 1960 gave the Europeans the motive, means, and opportunity to establish a balancing coalition against the Soviet Union. France and West Germany had a powerful incentive to cooperate in the early Cold War period. The reason was that World War II had left the Soviet Union as the only great power on the continent, and neither France nor West Germany had the power to balance effectively against the Soviets on its own. As the U.S. Joint Chiefs of Staff put it, the Soviet Union was “the sole great power on the Continent—a position unique in modern history.”³⁰ The Joint Intelligence Committee worried that “none of these [European] countries is capable singly of waging a successful defensive war against the USSR [Union of Soviet Socialist Republics].”³¹ This was not to say that observers believed an invasion was imminent. The material cost of fighting World War II and its rapid postwar demobilization meant that the Soviet Union was unlikely to attack in the near future.³² But as historian Melvyn Leffler notes, it had the potential to dominate—it had “overwhelming power on the Eurasian land mass.”³³ There is good evidence for this claim. In 1946 the Soviet Union had a 6:1 military advantage and 3:1 economic advantage over France. Little had changed a decade later: the Soviets now had almost a 7:1 military advantage over the French, and their economic advantage had increased to almost 4:1. In overall (military plus economic) terms, the Soviet Union was five to six times more powerful than France throughout the period. West Germany was even weaker by comparison. It had no military before 1955 and only a token force in the second half of the 1950s. At the same time, it was at a 2:1 to 3:1 economic disadvantage to the Soviet Union throughout the period in question (see table 1).

West European planners were deeply concerned about this gross power imbalance. French fears that the Soviet Union had the material capability to dominate Europe surfaced early in the postwar period and persisted throughout

tions, including alliances, trade pacts, communities, and unions, see Rosato, *Europe United*, pp. 233–240.

30. Quoted in Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford, Calif.: Stanford University Press, 1992), p. 67.

31. Joint Intelligence Committee, Estimate of Soviet Intentions and Capabilities, 1948–1955, January 2, 1946, *Records of the Joint Chiefs of Staff*, pt. 2, 1946–1953, The Soviet Union (Lanham, Md.: University Publications of America, 1979), reel 2.

32. On these points, see Leffler, *A Preponderance of Power*, pp. 5–6; and Matthew A. Evangelista, “Stalin’s Postwar Army Reappraised,” *International Security*, Vol. 7, No. 3 (Winter 1982/83), pp. 112–115.

33. Leffler, *A Preponderance of Power*, p. 3.

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Table 1. The European Balance of Power, 1946–95

| | 1946 | 1948 | 1950 | 1952 | 1954 | 1956 | 1958 | 1960 | 1970 | 1980 | 1985 | 1995 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Ratio of Soviet Military Power to: | | | | | | | | | | | | |
| France | 5.6 | 9.7 | 8.8 | 8.1 | 8.0 | 6.6 | 6.2 | 6.5 | 10.3 | 7.2 | 11.7 | 2.2 |
| Germany | — | — | — | — | — | 24.4 | 28.8 | 12.2 | 10.5 | 7.7 | 12.2 | 3.0 |
| The Six | 1.8 | 2.9 | 3.0 | 2.8 | 2.8 | 2.4 | 2.3 | 2.4 | 3.6 | 2.5 | 4.0 | 0.7 |
| Ratio of Soviet Economic Power to: | | | | | | | | | | | | |
| France | 2.6 | 2.4 | 3.0 | 3.1 | 3.6 | 3.9 | 4.4 | 4.6 | 3.3 | 2.4 | 3.9 | 0.7 |
| Germany | 3.7 | 2.6 | 2.1 | 2.1 | 2.3 | 2.2 | 2.7 | 2.5 | 2.6 | 1.9 | 3.2 | 0.6 |
| The Six | 0.9 | 0.8 | 0.8 | 0.8 | 0.9 | 1.0 | 1.2 | 1.1 | 1.0 | 0.7 | 1.2 | 0.2 |
| Ratio of Soviet Overall Power to: | | | | | | | | | | | | |
| France | 4.1 | 6.1 | 5.9 | 5.6 | 5.8 | 5.3 | 5.3 | 5.6 | 6.8 | 4.8 | 7.8 | 1.5 |
| Germany | — | — | — | — | — | 13.3 | 15.7 | 7.3 | 6.6 | 4.8 | 7.7 | 1.8 |
| The Six | 1.4 | 1.8 | 1.9 | 1.8 | 1.9 | 1.7 | 1.7 | 1.7 | 2.3 | 1.6 | 2.6 | 0.5 |

SOURCES: Correlates of War, "National Material Capabilities, 1816–2001," <http://www.correlatesofwar.org>; and Brian R. Mitchell, *International Historical Statistics: Europe, 1750–1993*, 4th ed. (London: Macmillan, 1998); and *The Military Balance* (London: Institute for Strategic Studies, 1963–).

NOTE: To generate the military power ratios, I calculated the ratio of Soviet military personnel and expenditure to that of France, Germany, or the Six and averaged the personnel and expenditure ratios. I generated the 1946–60 economic power ratios in the same way using data for steel production and energy consumption (electric energy output, 1947–54). I generated the 1970–95 economic power ratios in the same way using gross national product data. Finally, I calculated overall power by averaging the figures for military and economic power. West Germany did not have a military before 1955. The Six refers to Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. The calculations for the Six from 1946 to 1960 assume that West Germany would be able to make the same military effort as France (adjusted for population). Figures report ratio of Soviet power to France, Germany, or the Six. For the argument that this is an appropriate way to measure power, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), pp. 60–67, 133–134.

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the 1950s. It was because of this that they formed the Dunkirk (1947) and Brussels (1948) treaties with other West European states, and worked hard to secure a U.S. security commitment in the shape of the North Atlantic Treaty Organization (NATO) in 1949. These efforts continued even after the creation of the Atlantic alliance: Paris sought further assurances of U.S. support throughout the following decade.³⁴ Indeed, French concerns about Soviet power were so strong that France was an early and consistent supporter of West Germany's rehabilitation and its incorporation into the Western alliance system.³⁵ The Germans saw things much the same way. Chancellor Konrad Adenauer, who dominated German foreign policy making between 1945 and 1963, was obsessed with the threat posed by Moscow.³⁶ As Winfried Becker has pointed out, the "dominant factor" in his worldview during this period was "the military and ideological threat from the Soviet Union."³⁷

Although no West European state could deter or defeat the Soviet Union on

34. For the claim that the Dunkirk and Brussels treaties were directed against the Soviet Union, see Michael Creswell, *A Question of Balance: How France and the United States Created Cold War Europe* (Cambridge, Mass.: Harvard University Press, 2006), p. 11. More generally, see Sean Greenwood, "Return to Dunkirk: The Origins of the Anglo-French Treaty of March 1947," *Journal of Strategic Studies*, Vol. 6, No. 4 (December 1983), pp. 49–65; and John Baylis, "Britain, the Brussels Pact, and the Continental Commitment," *International Affairs*, Vol. 60, No. 4 (Autumn 1984), pp. 615–629. On France's role in the creation of NATO, see Lawrence S. Kaplan, *The United States and NATO: The Formative Years* (Lexington: University Press of Kentucky, 1984); Georges-Henri Soutou, "La sécurité de la France dans l'après guerre" [The security of France in the postwar period], in Maurice Vaïsse, Pierre Mélandri, and Frédéric Bozo, eds., *La France et l'OTAN* [France and NATO] (Paris: Editions Complexe, 1996), pp. 21–52; and Irwin M. Wall, "France and the North Atlantic Alliance," in Francis R. Heller and John R. Gillingham, eds., *NATO: The Founding of the Atlantic Alliance and the Integration of Europe* (New York: St. Martin's, 1992), pp. 45–56. On French efforts to gain assurances after the signing of the North Atlantic Treaty, see Michael Creswell, "With a Little Help from Our Friends': How France Secured an Anglo-American Continental Commitment, 1945–54," *Cold War History*, Vol. 3, No. 1 (October 2002), pp. 1–28.

35. On this point, see Michael Creswell and Marc Trachtenberg, "France and the German Question, 1945–1955," *Journal of Cold War Studies*, Vol. 5, No. 3 (Summer 2003), pp. 7–13; and Georges-Henri Soutou, "France and the German Rearmament Problem, 1945–1955," in R. Ahmann, Adolf M. Birke, and Michael E. Howard, eds., *The Quest for Stability: Problems of West European Security, 1918–1957* (Oxford: Oxford University Press, 1993), pp. 487–512.

36. On Adenauer's domination of foreign policy, see Sabine Lee, "German Decision-Making Elites and European Integration: German 'Europolitik' in the Years of the EEC and Free Trade Area Negotiations," in Anne Deighton, ed., *Building Postwar Europe: National Decision-Makers and European Institutions, 1948–63* (New York: St. Martin's, 1995), pp. 40–43.

37. Winfried Becker, "Views of the Foreign Policy Situation among the CDU Leadership, 1945–1957," in Ennio Di Nolfo, ed., *Power in Europe? Vol. 2: Great Britain, France, Germany, and Italy and the Origins of the EEC, 1952–1957* (New York: W. de Gruyter, 1992), p. 357. For evidence that this was Adenauer's view in his own words, see Konrad Adenauer, *Memoirs*, trans. Beate Ruhm von Oppen (Chicago: Henry Regnery, 1966); Konrad Adenauer, *Journey to America: Collected Speeches, Statements, Press, Radio, and TV Interviews* (Washington, D.C.: German Diplomatic Mission, 1953); and Konrad Adenauer, *World Indivisible, with Liberty and Justice for All*, trans. Richard and Clara Winston (New York: Harper, 1955).

its own, a hypothetical coalition comprising France, Germany, Italy, and the Benelux states—the “Six”—would be powerful enough to balance against it effectively. Assuming that the Germans would be brought back on line and allowed to devote the same fraction of their population as France to building military forces, a six-state coalition of this kind would possess roughly the same amount of economic power as the Soviet Union and be at less than a 3:1 military disadvantage to it. In terms of overall (military plus economic) power, the coalition would be at less than a 2:1 disadvantage throughout the 1950s, well within the parameters for effective balancing (see table 1). In fact, Western Europe had so much potential that U.S. policymakers were convinced it could become a “third force” in the world alongside the superpowers.³⁸

The problem was that Moscow opposed the creation of a countervailing coalition in the western half of Europe. As Vladislav Zubok observes in his analysis of the documentary record, “The consensus was that the USSR should remain an unchallenged land power in Europe, without even a shadow of countervailing power represented by another state or group of states.”³⁹ Indeed, the Soviet Union was openly hostile to every major integration initiative between 1950 and 1960.⁴⁰

It was therefore the U.S. commitment to containing the Soviet Union in the short term that gave the Western Europeans the opportunity to put some kind of balancing coalition into place. At first, the United States did not balance particularly vigorously and, in fact, it withdrew many of the forces it had sent to Europe during World War II. But following the Prague coup and Berlin blockade in 1948, Washington moved to solidify its commitment to the continent, culminating in the creation of NATO.⁴¹ Then, fearing that the Korean War, which began in 1950, was the prelude to Soviet action in Europe, the United

38. James McAllister, *No Exit: America and the German Problem, 1943–1954* (Ithaca, N.Y.: Cornell University Press, 2002), pp. 11, 16, 258; and Marc Trachtenberg, *A Constructed Peace: The Making of the European Settlement, 1945–1963* (Princeton, N.J.: Princeton University Press, 1999), pp. 114, 147–148.

39. Vladislav Zubok, “The Soviet Union and European Integration from Stalin to Gorbachev,” *Journal of European Integration History*, Vol. 2, No. 1 (1996), p. 85.

40. See, for example, Walter Lipgens, *A History of European Integration*, trans. P.S. Falla and A.J. Ryder (Oxford: Oxford University Press, 1982), p. 102; Creswell, *A Question of Balance*, p. 31; Marie-Pierre Rey, “L’URSS et la sécurité européenne, 1953–1956” [The USSR and European security, 1953–1956], *Communisme*, Nos. 49–50 (1997), pp. 128–129; and Marie-Pierre Rey, “Le retour à l’Europe? Les décideurs soviétiques face à l’intégration ouest-européenne, 1957–1991” [The return to Europe? Soviet decisionmakers confront Western European integration], *Journal of European Integration History*, Vol. 11, No. 1 (2005), pp. 8–9.

41. On the creation of NATO, see Timothy P. Ireland, *Creating the Entangling Alliance: The Origins of the North Atlantic Treaty Organization* (Westport, Conn.: Greenwood, 1981); Kaplan, *The United States and NATO*; and Trachtenberg, *A Constructed Peace*, pp. 66–86.

States began to send forces to the region in great numbers. The number of U.S. troops assigned to European Command increased from approximately 80,000 in 1950 to 350,000 in 1954, and remained at approximately that level for the rest of the decade.⁴²

Despite this growing engagement, the United States did not intend to maintain a permanent presence in Europe. Between 1946 and 1954, notes Mark Sheetz, "U.S. leaders pursued three successive grand designs for postwar European security, none of which was based on a permanent American military commitment." President Dwight Eisenhower's administration (1953–61) was equally determined to withdraw from the continent. As Francis Gavin argues, the president "strongly believed that America's conventional-force commitment was a *temporary remedy* to Western Europe's weakened state after the Second World War." James McAllister summarizes the evidence: "American policymakers from Franklin Delano Roosevelt to Dwight Eisenhower strenuously tried to avoid having the future of Europe dependent on a permanent U.S. military presence on the continent."⁴³ Crucially, officials continued to hold this view even after the United States established NATO and ostensibly made a long-term commitment to Europe. As Peter Foot has observed, policymakers were determined that NATO would be "unnecessary in the long-run." It was "seen as a holding measure." John Lewis Gaddis concurs: "[N]either [NATO nor the Military Assistance Program] contemplated, at that time, the permanent stationing of U.S. ground troops in Europe."⁴⁴

The Europeans clearly believed they could not count on the United States indefinitely. "Throughout the postwar period," notes John Ikenberry, the Europeans, and especially the French, "were more concerned with American abandonment than with domination." In fact, the French were so worried about the durability of the U.S. commitment that plans emanating from Washington

42. Daniel J. Nelson, *A History of U.S. Military Forces in Germany* (Boulder, Colo.: Westview, 1987), pp. 45, 81.

43. Mark S. Sheetz, "Exit Strategies: American Grand Designs for Postwar European Security," *Security Studies*, Vol. 8, No. 4 (Summer 1999), p. 39; Francis J. Gavin, *Gold, Dollars, and Power: The Politics of International Monetary Relations, 1958–1971* (Chapel Hill: University of North Carolina Press, 2004), p. 40 (emphasis in original); and McAllister, *No Exit*, p. 16. For further evidence, see Michael Creswell, "Between the Bear and the Phoenix: The United States and the European Defense Community, 1950–54," *Security Studies*, Vol. 11, No. 4 (Summer 2002), pp. 89–124; and Hubert Zimmermann, "The Improbable Permanence of a Commitment: America's Troop Presence in Europe during the Cold War," *Journal of Cold War Studies*, Vol. 11, No. 1 (Winter 2009), pp. 3–27.

44. Peter Foot, "America and the Origins of the Atlantic Alliance: A Reappraisal," in Joseph Smith, ed., *The Origins of NATO* (Exeter, U.K.: University of Exeter Press, 1990), p. 91; and John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (Oxford: Oxford University Press, 1982), p. 73. On this point, see also Creswell, "With a Little Help from Our Friends," pp. 2, 6–7; and Sheetz, "Exit Strategies," p. 6.

were deemed “acceptable only if the United States also bound itself to Europe.”⁴⁵ The West Germans also had little faith in U.S. staying power. As Adenauer’s chief biographer, Hans-Peter Schwarz, has pointed out, the chancellor was “convinced . . . that the presence of American forces on the continent did not at all represent the natural order of things, but was rather a longer or shorter intermediate phase that would one day belong to the past.”⁴⁶

This situation gave the Western Europeans an incentive and an opportunity to construct some kind of balancing coalition. Absent the U.S. guarantee, there may have been no coalition building at all: given the overwhelming power advantage of the Soviet Union, France and West Germany would likely have been deterred from building a counterweight to it. At the same time, however, the fear that the United States might withdraw in the future meant they had good reason to provide for their own security, something they could do only by joining forces. The question now was what kind of coalition they would build.

ECONOMIC INTEGRATION. France and West Germany responded to this extraordinary situation by taking the virtually unprecedented step of integrating their economies. Their decision was driven by balance of power thinking. Given the magnitude of the Soviet threat, they concluded that they had to go beyond cooperation and integrate if they were to have any chance of containing the Soviet Union in the event of a U.S. withdrawal from the region. This kind of reasoning led them to establish the European Coal and Steel Community (ECSC), the European Economic Community (EEC), and the European Monetary Agreement (EMA)—the three pillars of an integrated West European economy.

Although the terminology varied—they referenced federation, integration, union, and the United States of Europe interchangeably—most French officials and politicians agreed that any European coalition must be integrated.⁴⁷ This

45. G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, N.J.: Princeton University Press, 2001), pp. 165–166. For the claim that even NATO did not entirely reassure the French, see Creswell, *A Question of Balance*, pp. 10–13.

46. Hans-Peter Schwarz, *Erbfreundschaft: Adenauer und Frankreich* [Hereditary friendship: Adenauer and France] (Bonn: Bouvier, 1992), p. 101. I focus on Adenauer because of his exceptional influence, but his views were widely shared. See, for example, Creswell, *A Question of Balance*, p. 143; Ronald J. Granieri, *The Ambivalent Alliance: Konrad Adenauer, the CDU/CSU, and the West, 1949–1966* (New York: Berghahn, 2003), p. 89; and Hans-Peter Schwarz, *Konrad Adenauer: A German Politician and Statesmen in a Period of War, Revolution, and Reconstruction*, Vol. 1: *From the German Empire to the Federal Republic, 1876–1952* (Providence: Berghahn, 1995), p. 488.

47. For a representative sample of statements to this effect by key officials and political figures, see Walter Lippens and Wilfried Loth, eds., *Documents on the History of European Integration*, Vol. 3: *The Struggle for European Union by Political Parties and Pressure Groups in Western European Countries, 1945–1950* (hereafter *DHEI*) (New York: W. de Gruyter, 1988), pp. 65, 67, 68, 80, 87, 103; Memorandum

view derived from balance of power thinking and, specifically, from the belief that only an integrated coalition could balance against the Soviet Union effectively. Speaking soon after the end of World War II, Charles de Gaulle asserted that the Europeans had to unite in “a single system” if they were to withstand “any possible claim to hegemony.”⁴⁸ Raymond Aron, a prominent philosopher, agreed, arguing that Western Europe had to resemble a “multinational, continental” state to ensure its security.⁴⁹ A decade later, Foreign Minister Antoine Pinay endorsed integration as the only “way to save Europe’s economy and its freedom.”⁵⁰ His successor, Christian Pineau, declared that “European organizations” were crucial to Europe’s “political independence.”⁵¹

This commitment to integration caused the French to endorse the ECSC and the EEC. According to its chief architect, Jean Monnet, the virtue of the coal and steel pool was that it would lay the foundation for a “federation” that was essential if Europe was not “to remain almost exclusively dependent on American . . . strength for . . . [its] security.”⁵² Prime Minister Guy Mollet took France into the common market based on similar considerations. As far as he was concerned, the EEC would help bring about a “united Europe which would become a third, independent power” between a United States that was “too slow to comprehend danger” and a “menacing” Soviet Union.⁵³

dum from Merchant to Dulles, April 12, 1955, *Foreign Relations of the United States* (hereafter *FRUS*), 1955–1957, Vol. 4 (Washington, D.C.: Government Printing Office, 1986), p. 279; Summary of Conversation between Pinay and Macmillan, April 21, 1955, *Documents diplomatiques français* [French diplomatic documents] (hereafter *DDF*), 1955, Vol. 1, Annexes (Paris: Imprimerie Nationale, 1987), p. 28; and Guy Mollet, *The New Drive for European Union* (Paris: American Committee on United Europe, 1955), p. 9.

48. Lipgens and Loth, *DHEI*, p. 50.

49. *Ibid.*, p. 31.

50. Hervé Alphand, *L'étonnement d'être* [The wonder of being] (Paris: Fayard, 1977), p. 270.

51. Jeffrey W. Vanke, “Europeanism and the European Economic Community, 1954–1966,” Ph.D. dissertation, Harvard University, 1999, p. 65. This kind of reasoning was widespread in the early post-Cold War period. See, for example, the statements made by key actors in Lipgens and Loth, *DHEI*, pp. 55, 93–94, 104, 114–115; and Di Nolfo, *Power in Europe?* pp. 83, 349, 507, 515; as well as the personal testimonies in Guy Mollet, “Le Front Républicain et l’Europe” [The Republican Front and Europe], *Le Monde*, December 28, 1955; Jean Monnet, *Memoirs*, trans. Richard Mayne (Garden City, N.Y.: Doubleday, 1978), pp. 272–273; and Robert Schuman, *Pour l’Europe* [For Europe] (Paris: Editions Nagel, 1963), pp. 153, 156–157. French policy was also influenced by concerns about German power. Germany did not pose an immediate threat in the 1950s because it had recently been defeated and divided, but French officials worried that it might pose a future threat. Therefore, they worked hard to ensure that France and Germany would have an equal say in running the EC. In other words, the German threat affected the shape of the agreement. See Rosato, *Europe United*, pp. 63–71, 187–197.

52. Monnet, *Memoirs*, pp. 272–273.

53. Mark S. Sheetz, “Continental Drift: Franco-German Relations and the Shifting Premises of European Security,” Ph.D. dissertation, Columbia University, 2002, p. 255. See also Gérard Bossuat, “The French Administrative Elite and the Unification of Western Europe, 1947–58,” in Deighton, *Building Postwar Europe*, p. 31. In these cases and throughout the 1950s, policymakers would often

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In discussions that paralleled those in France, West German officials agreed that any European coalition must be integrated if it was to provide an effective counterweight to Soviet power. As Adenauer told American journalist Benedict Kingsbury-Smith in 1950, he favored integration because it was the only way Europe would be able to balance against the Soviet Union. Just as the German states had united to form a formidable great power in 1871, Franco-German integration would lead to the creation of a third great power in the Cold War. Five years later, Adenauer asserted that the European states had been “outstripped both economically and militarily by two great powers formed by the amalgamation of great land-masses,” and had to follow the superpower example if they hoped to ensure their “welfare, freedom and territorial integrity.”⁵⁴

Given these views, Germany was enthusiastic about both the ECSC and the EEC. The German cabinet quickly concluded that it “must not say no” to the coal and steel initiative because it promised to lead to the creation of a “federation.” The U.S. State Department reported that the Germans endorsed the common market on virtually identical grounds: it would enable the Europeans to “advance beyond cooperation arrangements to Federal institutions with [the] necessary transfer of sovereign power.”⁵⁵

The Western Europeans took it for granted that the coal and steel pool and the common market had to be buttressed by a fixed exchange rate system if they were to survive. The reason, Sima Lieberman explains, was that currency fluctuations were thought to lead “to trade wars, increased protectionism and a general fall in national income.” Officials feared that exchange rate instability would jeopardize the achievements of the 1950s.⁵⁶ Early on, the stability they

refer to their wish to be independent of both superpowers. In the case of the United States, the Europeans wanted to be independent in the sense of not having to depend on the Americans for their security. In the case of the Soviet Union, independence meant deterring the Red Army. In other words, independence from both great powers boiled down to being able to balance against the Soviet Union without U.S. help.

54. Adenauer, *Memoirs*, pp. 246–247, 256; and Adenauer, *World Indivisible, with Liberty and Justice for All*, pp. 51–53. For evidence that others shared Adenauer’s views, see Lippens and Loth, *DHEI*, pp. 467, 504, 511–512, 514, 536; and Sheetz, “Continental Drift,” pp. 235–236.

55. Cabinet Meeting Minutes, May 9, 1950, *Die Kabinettsprotokolle der Bundesregierung* [The cabinet minutes of the federal government], Vol. 3, 1950 (Boppard am Rhein: Harald Boldt, 1986), p. 68; and Dulles to Embassy in Germany, July 1, 1955, *FRUS*, 1955–1957, Vol. 4, p. 308.

56. Sima Lieberman, *The Long Road to a European Monetary Union* (Lanham, Md.: University Press of America, 1992), p. 6. For this argument, see also Emmanuel Apel, *European Monetary Integration, 1958–2002* (London: Routledge, 1998), p. 29; Barry Eichengreen, *The European Economy since 1945: Coordinated Capitalism and Beyond* (Princeton, N.J.: Princeton University Press, 2007), p. 189; and Francesco Giavazzi and Alberto Giovannini, *Limiting Exchange Rate Flexibility: The European Monetary System* (Cambridge, Mass.: MIT Press, 1989), pp. 1–7.

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were looking for was provided by their countries' common membership in the Bretton Woods fixed exchange rate system. Economist Horst Ungerer made the point well: "When the negotiations on the . . . [common market] started, there existed a global monetary framework . . . that did not seem to require, on a regional basis, specific obligations for the coordination of monetary and exchange rate policies."⁵⁷ However, because they believed the Bretton Woods rules allowed for unacceptably large exchange rate fluctuations that might damage the EC, the Europeans established the EMA, which required participating states to limit exchange rate movements to three-quarters of the spread allowed by Bretton Woods.⁵⁸

By the late 1950s, then, balance of power calculations had pushed the Europeans to establish an integrated economy. Fearing they might be left to contain the Soviet Union without U.S. help and cognizant that their long-term power rested on an economic base, they constructed a multistate economic coalition. This was no ordinary arrangement, however. Given the Soviet Union's massive power advantage, the Europeans understood that they could compete effectively only if they built a single regional economy governed by a central authority.

THE LIMITS OF INTEGRATION. In the early 1950s, the Europeans considered political and military integration and signed the European Defense Community (EDC) treaty, which, had it gone into effect, would have established an integrated European military and triggered discussions regarding the creation of a European political community.⁵⁹ The Germans ratified the treaty on the grounds that it would form the basis for an integrated military that could balance effectively against the Soviet Union.⁶⁰ The French National Assembly rejected it in August 1954, however, thereby ending Western Europe's flirtation with military and political integration. An alternative was soon in place. By the terms of the Paris agreements of October 1954, Germany became a member of two interrelated alliances: NATO and the Western European Union (WEU).

57. Horst Ungerer, *A Concise History of European Monetary Integration: From EPU to EMU* (Westport, Conn.: Quorum, 1997), p. 46. On Bretton Woods, see Michael D. Bordo, "The Bretton Woods International Monetary System: A Historical Overview," in Bordo and Barry Eichengreen, eds., *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform* (Chicago: University of Chicago Press, 1993), pp. 3–108.

58. Apel, *European Monetary Integration*, pp. 24–25; and Ungerer, *A Concise History of European Monetary Integration*, pp. 29–30.

59. On the creation of a European political community, see Edward Fursdon, *The European Defence Community: A History* (New York: St. Martin's, 1980), pp. 156, 212–217.

60. This thinking comes through clearly in Adenauer, *Memoirs*; Adenauer, *Journey to America*; and Konrad Adenauer, *For Europe—Peace and Freedom* (Cologne: Press and Information Office of the Federal Government, 1954).

French decisionmaking throughout the affair was based on balance of power and sovereignty calculations. France found itself in the EDC negotiations because of circumstances largely beyond its control.⁶¹ Once discussions began, however, French officials resorted to power calculations. Specifically, they concluded that if there was going to be a European military force, then it would have to be integrated if it was to contain the Soviets effectively. Monnet laid out the logic clearly for his colleagues. To balance effectively against the Soviet Union, the various European states had to abandon “juxtaposed national armies” and form “a European Army with a single High Command, a single organization, unified equipment and financing, and under the control of a single supranational authority.”⁶²

Sovereignty concerns and power considerations involving the United States, however, also meant that the defense community was never particularly popular in France. As Prime Minister Pierre Mendès France explained, the problem with the EDC was its “supranational character,” which impinged on French autonomy.⁶³ The preexisting NATO system was far preferable on this score: although it was tightly organized for operational purposes, the United States, Britain, and France retained sovereignty over their own forces.⁶⁴ And because it added U.S. capabilities to the European effort, NATO was also superior to the defense community in power terms. As Marc Trachtenberg argues, the presence of U.S. forces on the continent did a lot to “protect western Europe from Soviet aggression.”⁶⁵ This did not mean the French were entirely comfortable with the NATO option—they worried about the permanence of the U.S. presence—but they welcomed the deployment of U.S. power on the continent as enhancing their security.

61. For the claim that the French were forced into the negotiations by the United States, see David Clay Large, *Germans to the Front: West German Rearmament in the Adenauer Era* (Chapel Hill: University of North Carolina Press, 1996), p. 97.

62. Philippe Vial, “Jean Monnet, un père pour la CED?” [Jean Monnet, a father for the EDC?], in René Girault and Gérard Bossuat, eds., *Europe brisée, Europe retrouvée: Nouvelles réflexions sur l’unité européenne au XXe siècle* [Europe ruined, Europe rediscovered: New reflections on European unity in the 20th century] (Paris: Publications de la Sorbonne, 1994), p. 213; and Monnet, *Memoirs*, p. 346. See also the views of socialist deputy André Philip in Lipgens and Loth, *DHEI*, pp. 120–121.

63. Mendès France to Diplomatic Representatives, September 18, 1954, *DDF*, 1954, p. 396. On this point, see also F. Roy Willis, *France, Germany, and the New Europe, 1945–1967* (Stanford, Calif.: Stanford University Press, 1968), pp. 168–169; Creswell, *A Question of Balance*, p. 137; William I. Hitchcock, *France Restored: Cold War Diplomacy and the Quest for Leadership in Europe, 1944–1954* (Chapel Hill: University of North Carolina Press, 1998), p. 171; and McAllister, *No Exit*, pp. 242–243.

64. Frédéric Bozo, *Two Strategies for Europe: De Gaulle, the United States, and the Atlantic Alliance* (Lanham, Md.: Rowman and Littlefield, 2001), p. 6. For a similar claim—he refers to the NATO system as being “anarchic” in form—see Lake, *Entangling Relations*, pp. 131–142.

65. Trachtenberg, *A Constructed Peace*, p. 77.

Fortunately for France, it could reject the EDC without compromising its security. The reason lay in the nature of the U.S. commitment to Europe. In 1954 the United States had 350,000 troops on the continent.⁶⁶ This meant that the French would have ample time to form an integrated military in the event that the United States decided to pull out. After all, it had taken a little more than a year to conclude the EDC negotiations, and it would take at least that long for Washington to effect a complete withdrawal from the European theater. Moreover, if and when it happened, integration would quickly increase Europe's military power by enhancing coordination at the tactical, strategic, and operational levels. Thus, France could afford to wait until the United States actually announced that U.S. troops were leaving before surrendering sovereignty and establishing a West European military. This logic does not apply in the economic realm, which explains why the French created an integrated European economy in the 1950s. The key here is that it takes much longer for the power-enhancing effects of integration to take hold in the economic arena. It takes a long time for the competition that results from the creation of a large integrated market to engender larger-scale production and technological innovations. Consequently, the Europeans had to build an integrated economy as soon as possible if they did not want to find themselves at a severe disadvantage in the future. If they did not build this economy, they would fall further and further behind the Soviet Union, which would benefit from its possession of a vast integrated economy in the interim.

The problem with the NATO alternative—as had been the case all along—was that it could not prevent a U.S. withdrawal from the region later on, at which point the Europeans might have to defend themselves. Therefore, the French proposed the WEU, a purely European organization comprising the Six and Britain that would be subordinate to NATO. Their reasoning was straightforward: in the event that the United States left the Europeans to provide for their own security, the WEU could be converted into an integrated military force capable of containing the Soviet Union. As Mendès France explained to his colleagues, the WEU would be the “political and military basis of the future Europe.”⁶⁷ Until the United States withdrew, however, France would retain its military sovereignty and simply engage in cooperation with the other Western powers within the framework of the Atlantic alliance.⁶⁸

66. Nelson, *A History of U.S. Military Forces in Germany*, p. 45.

67. Mendès France to Bonnet, September 19, 1954, *DDF*, 1954, p. 405. On this point, see also Dillon to the Office of the United States High Commissioner for Germany, September 16, 1954, and Final Act of the Nine-Power Conference, October 3, 1954, *FRUS*, 1952–1954, Vol. 5, pp. 1198, 1200, 1346.

68. For the claim that it was the French who came up with the WEU plan, see Creswell, *A Question*

This policy remained in place even as the military balance of power increasingly became a nuclear balance in the second half of the 1950s. The U.S. view during this period was that the Europeans should establish an integrated nuclear force.⁶⁹ France, however, was determined to retain its sovereignty and its advantage over West Germany, which had no nuclear weapons as a result of the NATO-WEU arrangement, and therefore pursued a national nuclear force within NATO.⁷⁰ For now, the United States would defend Europe, and France would retain its sovereignty. If and when the United States withdrew from the region, France would have to entertain the prospect of an integrated European nuclear force. Such a force could be put in place fairly quickly: Britain and France were acquiring nuclear capabilities, and by the end of the decade, approximately 500 U.S. nuclear weapons were effectively under European control.⁷¹ Until the United States definitively rescinded its security guarantee, however, military integration was not an option.

MAINTAINING THE STATUS QUO, 1960–90

From 1960 to 1990, Europe's power architecture looked a lot like it did in the 1950s. The Soviet Union was the only great power on the continent. Its overall (military plus economic) power advantage over France and Germany hovered between 5:1 and 8:1 throughout the period. It was an overwhelmingly powerful adversary. At the same time, the Six clearly had enough combined assets to balance against the Soviet Union effectively. Even in 1985, the year of their greatest relative weakness, they were at less than a 3:1 disadvantage in overall power (see table 1).

There was also little change in the way the United States factored into the balance of power. Although Washington maintained a formidable presence on the continent, the Europeans continued to worry that the United States might one day leave them to contain the Soviet Union on their own. This may not have been as great a fear as it had been in the 1950s, but there were still good reasons to be concerned. In August 1966, for example, a group of influential senators introduced the Mansfield resolution, which called for large troop reductions in Europe, and in doing so ignited a fierce debate about withdrawal

of Balance, p. 157; Hitchcock, *France Restored*, pp. 195–198; and Trachtenberg, *A Constructed Peace*, p. 124.

69. Trachtenberg, *A Constructed Peace*, pp. 146–215; and Steve Weber, *Multilateralism in NATO: Shaping the Postwar Balance of Power, 1945–1961* (Berkeley: University of California Press, 1991), pp. 39–69.

70. Jean Delmas, "Military Power in France, 1954–1958," in Di Nolfo, *Power in Europe?* pp. 238–253; and Trachtenberg, *A Constructed Peace*, pp. 222–230.

71. The nuclear weapons figure is from Trachtenberg, *A Constructed Peace*, p. 194.

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that would last a decade. Once the debate ended, observes historian Hubert Zimmermann, “New debates about U.S. forces in Europe arose at various points in the late 1970s and 1980s.”⁷² In short, the possibility of abandonment was ever present.

The absence of significant changes in the power architecture meant that there were no major alterations to the system that had been put in place in the 1950s. Given the unchanging strategic environment, the Europeans made no serious move toward political or military integration. Take the 1961 Fouchet plan that called for the creation of a “Union of the European Peoples.” The plan never went beyond the drafting stage; negotiations ground to a halt in a matter of months. Moreover, despite lofty rhetoric to the contrary, proponents of the plan were not thinking in terms of integration. As Seth Jones explains, the plan “was explicitly *not* supranational.” A similar judgment applies to the plan for European political cooperation that was launched at the European summit held in The Hague in 1969. The report that emerged from the summit merely advised EC member states to focus on the “coordination of foreign policies.” Subsequent revisions—in 1973, 1981, and 1986—did little to enhance the scope of the project. Indeed, as one British diplomat observed, European political cooperation was ultimately “not a serious attempt at cooperation.”⁷³ In short, in political and military matters, the Europeans did not take any meaningful steps toward cooperation, let alone integration.

Even as they refused to entertain the prospect of political or military integration, the Europeans endorsed the Atlantic alliance and the U.S. force presence it implied. As Jones notes, “Most European leaders supported a substantial American presence in Europe and believed that NATO was the only viable security institution for the future they foresaw.” This was even true of President de Gaulle, who withdrew France from the joint military arm of NATO in 1966. “The General,” observes Frédéric Bozo, “never seriously questioned the Atlantic Alliance . . . nor did he contest the need for U.S. involvement on the Old Continent.” Indeed, a year after their withdrawal, the French signed the Ailleret-Lemnitzer agreements and thus “laid the foundation for a new military cooperation between France and NATO.”⁷⁴ Given the choice, the French preferred to cooperate in the context of the Atlantic alliance rather than surrender their sovereignty and form an integrated European military.

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72. Zimmermann, “The Improbable Permanence of a Commitment,” pp. 13–27, at p. 25.

73. Jones, *The Rise of European Security Cooperation*, pp. 71–81, at pp. 73 (emphasis in original), 78, 80.

74. *Ibid.*, p. 80; and Bozo, *Two Strategies for Europe*, pp. xii–xiii.

The unchanging power architecture also meant that the Europeans maintained the economic community they had built in the 1950s. Needless to say, they did make some changes over the course of three decades, but they did not fundamentally alter the trading and monetary arrangements worked out before 1960. The most consequential change in the area of trade was the Single European Act (SEA), which went into effect on July 1, 1987. Although it was greeted with great fanfare, the SEA did not mark a radical departure in the integration process. As Emmanuel Apel notes, it merely “reinforced the original provisions of the Treaty of Rome.” Similarly, Michael Gehler describes an “evolution from customs union to internal market that took decades.”⁷⁵

Maintenance was also the watchword in monetary matters. The first revision of the 1950s regime came after the collapse of the Bretton Woods system, when the former EMA participants sought to establish a purely European fixed exchange rate system to replace it. Their efforts spawned two agreements: the European Exchange Rate Agreement, known as the Snake, and the European Monetary System (EMS). Both essentially replicated the Bretton Woods and EMA arrangements. As Barry Eichengreen explains, the Snake tried “to recreate the Bretton Woods system on a regional basis.” Meanwhile, Ungerer observes that “it has often been said that the EMS was not much more than an enlarged snake and a regional Bretton Woods system.”⁷⁶

Even the move to monetary union—which began in the late 1980s—was a revision rather than a transformation of the existing order.⁷⁷ The crowning event in this process was the 1992 Maastricht Treaty on Economic and Monetary Union, which laid out a process culminating in the creation of a single currency and an independent European Central Bank (ECB). Clearly, the single currency was a stricter arrangement than the fixed exchange rate systems that preceded it. As political economist Jeffrey Frieden argues, however, the difference between it and its predecessors was one of degree, not of kind.⁷⁸ A similar argument applies to the central bank. Member states certainly gave up more monetary sovereignty than they had done to that point when they established

75. Apel, *European Monetary Integration*, p. 81; and Michael Gehler, “From Paneurope to the Single Currency: Recent Studies on the History of European Integration,” *Contemporary European History*, Vol. 15, No. 2 (May 2006), p. 283.

76. Eichengreen, *The European Economy since 1945*, p. 247; and Ungerer, *A Concise History of European Monetary Integration*, p. 164.

77. For the claim that the process began in the 1980s, see Moravcsik, *The Choice for Europe*, pp. 381, 386.

78. Jeffrey A. Frieden, “Economic Liberalization and the Politics of European Monetary Integration,” in Miles Kahler, ed., *Liberalization and Foreign Policy* (New York: Columbia University Press, 1997), p. 239.

the ECB.⁷⁹ The politically consequential act of giving up sovereignty in the first place, however, had been taken in the 1950s, when they established the EMA and pegged their currencies. Like the euro, then, the ECB involved the evolution of an existing system, not a fundamental change of it.

The Post–Cold War Era, 1991–2010

The Soviet Union’s collapse in 1991 radically altered the distribution of power in Europe. In 1985 the Soviet Union was much more powerful than any of the European states. It held a 12:1 military and 4:1 economic advantage over France, and a 12:1 military and 3:1 economic advantage over Germany. The power architecture looked much like it did during the 1950s. In 1995, the year after Russia removed its last troops from what used to be East Germany, it was still the most powerful state on the continent, but only just. It held a 2:1 military advantage over France and a 3:1 military advantage over a reunified Germany, but it was economically weaker than both of them (see table 1).

This transformation in the European power architecture has had a profound effect on cooperation and institution building. Just as the onset of the Cold War pushed the Western Europeans to consider building a political-military community and to undertake economic integration, the demise of the Soviet Union has deprived them of a compelling geostrategic reason to pursue political or military integration or to preserve the integrated economy they built between 1950 and 1990. The Europeans have reacted in a predictable fashion: since the end of the Cold War, they have made no real effort to construct a political or military community, and their economic community has slowly started to fray.

POLITICAL INTEGRATION

The post–Cold War distribution of power has given the Europeans little incentive to pursue political integration and, consequently, they have taken no meaningful steps toward creating a political community. Because it involves surrendering sovereignty, states consider political integration only if they are faced with an adversary so powerful that it threatens their survival, and even then the importance they attach to sovereignty means that they go to great lengths to come up with alternative arrangements to safeguard their security. This is what happened in the early Cold War period: the Europeans considered political integration in the face of the Soviet threat, but they quickly opted

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79. William Bernhard, J. Lawrence Broz, and William Roberts Clark, “The Political Economy of Monetary Institutions,” *International Organization*, Vol. 56, No. 4 (Fall 2002), p. 695.

for the NATO-WEU alternative. The collapse of the Soviet Union has meant that the Europeans no longer need to consider integration, let alone actually pursue it, and they have responded accordingly.

This may seem like a controversial claim. Just a few years ago, self-styled futurologist Jeremy Rifkin suggested that we should begin to think of European states “as part of the European Union, just as we think of the fifty American states as part of the United States.” At roughly the same time, political scientist Charles Kupchan averred that the Europeans were “slowly but surely building a political union.” Journalist T.R. Reid went a step further, declaring the existence of a “United States of Europe.” This kind of thinking persists today. Consider the comments of Steven Hill of the New American Foundation: “Is Europe a single nation or a union of individual nations? Increasingly the answer is: both.” After all, Europe now possesses “a single, supranational government led by the European parliament.”⁸⁰

The truth of the matter, however, is that the EC member states have made no real move toward political integration in the post-Cold War period. As Moravcsik points out, the issues that would fall under Community control if the Europeans actually were to engage in political integration—especially defense and taxes, but also education, health, pensions, crime, infrastructure, and immigration—remain firmly under national control. Tony Judt put the point well in his magisterial history of postwar Europe: “The European Union . . . is not a state. It does not raise taxes and it has no capacity for making war.”⁸¹

Although the European constitution—signed by the twenty-five EC member states in Rome in 2004—was widely heralded as a decisive step toward political union, it does not contradict my view. The constitution was rejected by voters in France and the Netherlands and would have been rejected in several other states had it been put to a vote. More important, however, a close reading reveals that it was not a serious attempt at political integration at all, despite lofty rhetoric to the contrary. As legal scholar Joseph Weiler points out, there was a substantial disconnect between the constitution’s “pompous self-celebratory Preamble” and its substance, namely, “a far from radical

80. Jeremy Rifkin, *The European Dream: How Europe's Vision of the Future Is Quietly Eclipsing the American Dream* (New York: Tarcher, 2005), p. 65; Charles A. Kupchan, “The Travails of Union: The American Experience and Its Implications for Europe,” *Survival*, Vol. 46, No. 4 (Winter 2004–05), p. 109; T.R. Reid, *The United States of Europe: The New Superpower and the End of American Supremacy* (New York: Penguin, 2004); and Steven Hill, *Europe's Promise: Why the European Way Is the Best Hope in an Insecure Age* (Berkeley: University of California Press, 2010), p. 4.

81. Andrew Moravcsik, “A Too Perfect Union? Why Europe Said ‘No,’” *Current History*, Vol. 104, No. 685 (November 2005), p. 356; and Tony Judt, *Postwar: A History of Europe since 1945* (New York: Penguin, 2005), p. 797.

amendment of the institutional architecture and decision-making processes . . . non-radical nods towards further democratization . . . and some sensible cleaning up of language.” Moravcsik concurs, arguing that the constitution was a “conservative text” that merely “sought to marginally improve the EU’s efficiency and transparency while retaining its basic structure.” Judt reached a virtually identical conclusion: “After two years of deliberations, the Convention remitted something that was more than a draft but decidedly less than a constitution. Shorn of its portentous . . . preamble . . . [the] document offered little by the way of classic constitutional proposals.”⁸²

The rejected constitution was replaced by the Treaty of Lisbon, which was finally ratified by all the member states in 2009. Like its predecessor, it contained nothing that could be called a meaningful move toward political integration. In fact, many experts have noted the remarkable similarities between the two documents. Perry Anderson describes the treaty as being the constitution plus some “cosmetic alterations.” Andrew Glencross agrees, describing it as a “slimmed down” constitution. The effect of these changes, argues political scientist Simon Hix, was “probably the least significant treaty the EU has ever signed.” Indeed, as the *Economist* observes, not even the treaty’s one real innovation—the creation of the position of EC president—is evidence that political integration is just around the corner: “The job is not ‘President of Europe,’ as some call it, but president of the European Council, the bit of the EU controlled by national governments.”⁸³

MILITARY INTEGRATION

The post–Cold War power architecture has also meant that the Europeans have not seriously attempted to pursue military integration. As is the case in political affairs, states consider constructing an integrated military force only when they are confronted by an overwhelmingly powerful adversary. During the early Cold War, the Soviet threat drove the Europeans to consider military integration. Even then, however, their reluctance to give up sovereignty drove France to kill the EDC and opt for the NATO-WEU alternative. The collapse

82. Joseph H.H. Weiler, “Editorial: Marking the Anniversary of the Universal Declaration; The Irish No and the Lisbon Treaty,” *European Journal of International Law*, Vol. 19, No. 4 (September 2008), pp. 650–651; Moravcsik, “A Too Perfect Union?” pp. 356–357; and Judt, *Postwar*, p. 721.

83. Perry Anderson, *The New Old World* (London: Verso, 2010), p. 59; Andrew Glencross, “The Grand Illusion Continues: What the Lisbon Treaty Means for the European Union and Its Global Role,” Foreign Policy Research Institute, February 2010, <http://www.fpri.org/enotes/201002.glencross.grandillusion.html>; Simon Hix, *What’s Wrong with the European Union and How to Fix It* (Cambridge: Polity, 2008), p. 183; and “Unwelcome, President Blair,” *Economist*, August 1, 2009, p. 48.

of the Soviet Union has removed the incentive to consider or pursue military integration, and the Europeans have, in fact, made no real moves in that direction.

It might look like there is some evidence to contradict this claim. The French, in particular, appear to have given serious thought to military integration. As *Financial Times* journalist Wolfgang Münchau observed in 2003, the American invasion of Iraq “unleashed a debate about a political and military counterweight to the U.S.” President Jacques Chirac went so far as to declare his desire to bring about a “multipolar world.” A few analysts have treated these comments and others like them as serious statements of intent. At the turn of the century, Samuel Huntington suggested that a “truly multipolar” world might be only one or two decades away, with Europe acting as one of those poles. A few years later, Jeffrey Cimbalo suggested that the constitution would create a “powerful federal national security apparatus.” According to Christopher Layne, U.S. decisionmakers were so concerned about this eventuality that they were dedicated to ensuring that “the EU’s ‘state-building’ process fails—thereby heading off the emergence of a united Europe that could become an independent pole of power in the international system.”⁸⁴

A close look at the evidence, however, reveals that the Europeans have made hardly any effort to form a viable defense community since 1991. To be clear, they have certainly cooperated in military affairs, but they have not attempted to create a single military actor capable of being another pole in the world. The common foreign and security policy, which was one of the three pillars of the Maastricht treaty, is a case in point. It aimed at regular cooperation—members were urged to come up with “common positions” and implement “joint actions” when they had shared interests—rather than integration. The same applies to the European security and defense policy (ESDP), launched by Britain and France at Saint-Malo in 1998. ESDP, which was meant to give the Europeans “the capacity for autonomous action, backed up by credible military forces,” is an intergovernmental arrangement. The rapid reaction force that it created is not a standing force, but rather a pool of national units that the EC can draw on only if member states unanimously agree to use force.

84. Wolfgang Münchau, “Time to Abandon the ‘Core Europe’ Fantasy,” *Financial Times*, November 3, 2003; Jacques Chirac, “European Security and Defense,” speech to the Presidential Committee of the WEU Assembly, May 30, 2000, http://www.assembly-weu.org/en/documents/sessions_ordinaires/rpt/2000/1699.html; Samuel P. Huntington, “The Lonely Superpower,” *Foreign Affairs*, Vol. 78, No. 2 (March/April 1999), p. 37; Jeffrey L. Cimbalo, “Saving NATO from Europe,” *Foreign Affairs*, Vol. 83, No. 6 (November/December 2004), p. 112; and Christopher Layne, “America as European Hegemon,” *National Interest*, No. 72 (Summer 2003), p. 25.

In other words, ultimate authority rests with the member states, all of whom have a veto, rather than with the EC. Nor has the creation of a high representative for foreign affairs and security policy, also known as Europe's "foreign minister," altered the situation in any meaningful way. All consequential foreign policy and defense decisions are subject to unanimity, which means that the member states are in control.⁸⁵

This interpretation of events is widely shared. According to Robert Art, there is "as yet no single entity called Europe that speaks with one voice on foreign, security, and defense matters." Similarly, John McCormick is convinced that Europe is unlikely to "match the United States" because it does not have "a common security policy and a unified command and control structure." Stephen Brooks and William Wohlforth concur: "Neither the authority nor the ability to act decisively in Europe's name exists. . . . Ultimate authority rests with the member states, all 27 of which must agree to any decision on defense and security policy. This requirement of unanimity 'places profound limits on the potential for decisive EU security policies.'" Even Seth Jones, who sees a marked increase in European security cooperation since the end of the Cold War, is forced to admit that "major foreign policy and defense decisions are still made in European capitals. The European Union is not on the verge of becoming a supranational state, nor is a European army imminent."⁸⁶

ECONOMIC INTEGRATION

Perhaps most important, the transformation of the European distribution of power has also led to the fraying of the economic community, as member states have put their own national interests ahead of its preservation in ways that we did not see during the Cold War. To a large extent, the EC and its constituent institutions are the product of the Cold War balance of power. Fearing that they might one day have to balance against the Soviet Union without U.S. help, the Europeans built an integrated economy. It follows that the demise of the Soviet Union removed the core geostrategic rationale for maintain-

85. Glencross, "The Grand Illusion Continues"; Jones, *The Rise of European Security Cooperation*, pp. 81–85, 197–202; "The Ins and Outs," *Economist*, March 17, 2007, pp. 12–15; and Andrew Moravcsik, "Don't Know? Vote No!" *Prospect*, June 26, 2008, pp. 14–15.

86. Robert J. Art, "Europe Hedges Its Security Bets," in T.V. Paul, James J. Wirtz, and Michel Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century* (Stanford, Calif.: Stanford University Press, 2004), p. 183; John McCormick, *The European Superpower* (New York: Palgrave, 2007), p. 81; Stephen G. Brooks and William C. Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy* (Princeton, N.J.: Princeton University Press, 2008), pp. 30–31; and Jones, *The Rise of European Security Cooperation*, p. 5.

ing the community. This is not to argue that the end of the Cold War has given the Europeans a reason to dismantle the EC—only that it has removed their incentive to preserve it. As a result, whenever member states have faced a choice between abiding by Community rules and pursuing national interests, they have tended to prioritize the latter at the expense of the former.

Critics might argue that the Maastricht treaty and the introduction of the euro, which occurred after the Cold War ended, contradict my claims about the fraying of the EC and instead show the opposite. Upon closer inspection, they would be wrong. For example, it is important to note that the Soviet Union did not break up until 1991, and that Russian forces were not fully withdrawn from Germany until 1994. In other words, the change in the balance of power occasioned by the end of the Cold War was not immediately or clearly apparent. Even if it was, however, it is worth bearing in mind that structural changes rarely have an immediate impact. It took almost fifteen years for the EC to form under intense pressure, and it should therefore not surprise us that it was a decade before it began to fray. Finally, as already noted, the train of events that led to Maastricht and, ultimately, the euro, began in the late 1980s. Therefore, the appropriate question is not why Europe embarked on deeper integration in the 1990s, but why it maintained the momentum generated before then.

The answer is simple: Europe kept moving toward monetary union despite the end of the Cold War because of prosperous economic conditions. In the five years leading up to the Maastricht treaty, Germany's economy grew at 4 percent per year and France's grew at 3 percent per year. The U.S. economy, meanwhile, grew at 2.5 percent annually.⁸⁷ Given this state of affairs, the Europeans had no incentive to kill the Community. It was not just prosperity that generated support for the EC, however: the Europeans believed that the introduction of the euro would perfect the single market and increase intra-European trade, thereby making everyone even wealthier. To be sure, conditions worsened in the middle of the decade, but they improved markedly between 1997 and 2000, which was just when the Europeans were scheduled to lock their currencies and introduce the euro. During this period, France's economy grew by more than 3 percent per year and German growth hit 3 percent in 2000, which was its best year since 1991. In short, prosperity was enough to sustain the EC in the short term.

87. For the data on economic growth and unemployment in this paragraph and the next, see World Bank, World Development Indicators, <http://data.worldbank.org/data-catalog/world-development-indicators>.

The goose stopped laying golden eggs at the turn of the millennium. Between 2001 and 2007, French economic growth slowed to less than 2 percent annually, and Germany fared even worse with annual growth of around 1 percent. Worse still, both countries have experienced almost 10 percent unemployment over the last decade, compared with 5 percent in the United States. Per capita growth also slowed considerably, and productivity growth halved between 1999 and 2008.⁸⁸ Even its supporters acknowledge that the euro, which was supposed to boost Europe's economy, has had a "very small effect on the area's growth rate or even level of output."⁸⁹ When it comes to the single market, the so-called Lisbon Agenda "has singularly failed in its aim of making the EU 'the most dynamic and competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs by 2010.'"⁹⁰

As soon as the economic situation worsened, France and Germany started to violate EC rules at will. Without an overarching reason to maintain the economic community and to abide by its regulations, they began to act as sovereign states pursuing national interests. Beginning in 2001, Paris and Berlin routinely refused to obey the EC's competition policy, which is "at the core of the Rome treaty," and is designed to promote the achievement of a single market by forbidding states from aiding their own industries.⁹¹ France's bad behavior, including its assistance to companies such as Groupe Bull, Alstom, and Aventis, did not go unnoticed. Experts noted a willingness "to bend EU rules" and engage in "protectionism." The German government's behavior was even worse: Berlin consistently provided more state aid to national companies than any government in Europe.⁹² Then in 2006 both states moved aggressively to protect their oil and gas companies from foreign takeover. As Walter Laqueur observes, "[I]t was as if the Common Market no longer existed."⁹³

Because France and Germany have started to prioritize their national interests, they have also killed attempts to advance the single market. In 2005 the European Commission tried to enact the Services Directive (SD), which was

88. Anderson, *The New Old World*, p. 508.

89. Barry Eichengreen and Andrea Boltho, "The Economic Impact of European Integration," CEPR Discussion Paper, No. 6820 (London: Centre for Economic Policy Research, May 2008), p. 38.

90. Glencross, "The Grand Illusion Continues."

91. John Gillingham, *Design for a New Europe* (Cambridge: Cambridge University Press, 2006), p. 19.

92. John Rossant, "The Pernicious Rise of 'Core Europe,'" *Business Week*, May 10, 2004, p. 57; Tobias Buck, "Decline in EU State Subsidies Grinds to a Halt," *Financial Times*, April 19, 2005; and Carl Mortished, "EU States Renege on Promises to Reduce State Aid," *Times*, April 21, 2005.

93. Walter Laqueur, *The Last Days of Europe: Epitaph for an Old Continent* (New York: Thomas Dunne, 2007), p. 200.

designed to establish a single market in services, a sector that accounts for approximately three-quarters of the EC's gross domestic product (GDP). Services are such a large component of the European economy that the SD would have "done more to promote the single market than any measure since the Single European Act." The problem, however, was that it "threatened entrenched interests across the board." As a result, Paris and Berlin quickly "trashed" the project "beyond repair."⁹⁴

The major players have also consistently broken the rules underpinning the euro when it has suited their national interests. Prior to the introduction of the single currency, aspiring members promised to run budget deficits of no more than 3 percent of GDP and to hold their public debt to no more than 60 percent of the same. The view at the time was that member states would be able to ensure the stability of the common currency only if they adhered to the terms of this "stability and growth pact." Despite the pact's purported importance and their prominent role in putting it into place, however, France and Germany violated the rules with impunity, running up deficits and accumulating debt in excess of the agreed levels for every year from 2002 to 2005.⁹⁵ Then, rather than trying to fulfill their obligations, they forced their partners to change the terms of the pact. As journalist Anatole Kaletsky observed at the time, there was simply a "refusal [on the part] of national politicians (and presumably their voters) to treat economic policy on a continental scale, instead of viewing it in a narrowly national perspective."⁹⁶

Predictably, European publics have supported their governments' efforts to protect the home front at the expense of the Community. They have done so partly because of dissatisfaction with the EC's performance. According to the European Commission's own polls, the proportion of French and German citizens who thought that their countries' membership of the EC was a "good thing" fell from approximately two-thirds between 1980 and 1991 to less than a half (and, in some years, just one-third) between 1992 and 2004. This is only part of the story, however. European publics have also backed their governments because they have become more nationalistic since 1991. They almost invariably think in terms of what is good for their country rather than for Europe as a whole. Data for 2004, which are similar to data for every other year since the Cold War ended, show that 83 percent of French respondents

94. Gillingham, *Design for a New Europe*, p. 23.

95. For details of the breaches, see http://ec.europa.eu/economy_finance/publications/. See also Gillingham, *Design for a New Europe*, p. 69.

96. Anatole Kaletsky, "Stability Pact Reform Stirs New Misgivings," *Times*, September 7, 2004.

saw themselves as French “only” or primarily French. The numbers in Germany were even higher.⁹⁷

The reemergence of economic nationalism came into even sharper focus in 2008 as the financial crisis took hold. France and Germany took the lead, feuding about how to deal with the emergency. French President Nicolas Sarkozy wanted a large stimulus and called on the ECB to take an active role in reviving lending across the euro zone. In stark contrast, German Chancellor Angela Merkel resisted a stimulus, criticized the ECB for reducing interest rates, and vetoed a common fund to bail out banks. At the same time, both France and Germany rushed to protect their own industries and workers, often at the expense of those elsewhere.⁹⁸ Anderson summarizes the situation well: “Each national government took its own steps to deal with the emergency, with ad hoc measures to bail out banks, feed auto industries or prop up the labour market.”⁹⁹ Former French President Valéry Giscard d’Estaing was appalled, condemning this selfish and contentious behavior as “retrograde,” and vainly urging governments to “see the European market as a whole” or risk putting the single market in jeopardy.¹⁰⁰

The 2010 Greek debt crisis provided further evidence of an increased trend toward national rather than community thinking. Writing in the *New York Times*, Steven Erlanger and Matthew Saltmarsh observed that “every decision” leading to the bailout package was “a painful, time-consuming bargain among the different national governments, with their own political requirements and concerns, and their own view of economic virtue.” For Simon Tilford, chief economist at the Center for European Reform, the crisis exposed “the myth of European integration and solidarity . . . as wishful thinking.”¹⁰¹ The Germans were particularly vocal, asserting that they were “tired of supporting countries that . . . [did] not, to their mind, try hard enough.”¹⁰² Other EC member states lamented Germany’s “egregious lack of solidarity.”¹⁰³ According to sociologist Ulrich Beck, the affair showed that Germany was a state “that downplays its

97. Eurobarometer, Interactive Search System, http://ec.europa.eu/public_opinion/cf/index_en.cfm.

98. “Those Selfish Germans,” *Economist*, May 2, 2009, p. 55; Anderson, *The New Old World*, p. 507; and Steven Erlanger, “Economy Shows Cracks in European Union,” *New York Times*, June 8, 2009.

99. Anderson, *The New Old World*, p. 507.

100. Erlanger, “Economy Shows Cracks in European Union.”

101. Steven Erlanger and Matthew Saltmarsh, “Greek Debt Crisis Raises Doubts about the European Union,” *New York Times*, May 7, 2010. Tilford is quoted in the article.

102. Simon Johnson and Peter Boone, “The Greek Tragedy That Changed Europe,” *Wall Street Journal*, February 13, 2010.

103. Steven Erlanger, “As Greek Drama Plays Out, Where Is Europe?” *New York Times*, April 29, 2010.

European duties and ties.”¹⁰⁴ Germany’s interior minister did not deny this description, admitting that there had been a “change in our mentality.” Germany was committed to pursuing “its national interest with a lot of vigor.”¹⁰⁵ France also acted in accordance with national interests. At the height of the crisis, Spain’s *El Pais* newspaper reported that Sarkozy threatened to pull France out of the euro if Germany opposed a Greek bailout.¹⁰⁶ Then there was the French plan to establish an “economic government” to coordinate national economic policies and thereby avert future crises. Although the proposal may have sounded like a recipe for further integration, Paris envisaged an organization that would be run by the member states and act as a counterweight to the independent central bank.¹⁰⁷

Alternative Explanations

My claim that developments in the European institutional landscape since World War II are best understood as a product of balance of power politics is further strengthened by the absence of persuasive competing explanations. I consider each of these in turn.

THE U.S. PACIFIER

The pacifier argument that attributes European integration to the U.S. presence in Europe during the Cold War is unconvincing. Take, first, the logic. Although a powerful pacifier may give states an opportunity to cooperate, it does not provide a motive for doing so. Even more importantly, it does not provide a reason to surrender sovereignty and engage in integration. In other words, proponents of the argument have not offered a logic that explains how the presence of a pacifier causes states to integrate. There is another problem with the pacifier argument. It cannot explain why all of the major integration initiatives occurred in the 1950s, which was when the Europeans believed that the United States was likely to withdraw from the continent rather than remain and act as a pacifier.

104. John Vinocur, “Pondering the German Question,” *New York Times*, May 3, 2010.

105. Stephen Castle, “E.U. Ministers Hoping Crisis Brings Closeness,” *New York Times*, May 20, 2010.

106. Reported in “President Nicolas Sarkozy ‘Threatened to Pull France Out of Euro,’” *Telegraph*, May 14, 2010.

107. John Lichfield, “Franco-German Relations Cool over Eurozone Crisis,” *Independent*, June 9, 2010; Paul Taylor, “Deep Divisions in Europe over Closer Economic Union,” *New York Times*, June 14, 2010; and Steven Erlanger, “Two Competing Visions of a European Economy,” *New York Times*, July 1, 2010.

An amended version of this argument—in addition to guaranteeing their security, the United States actively encouraged the Europeans to integrate—does not perform much better.¹⁰⁸ There is some evidence for the claim that the United States promoted integration and that this helped move the process forward. But given the enormity of the Soviet threat, the Europeans would have built a community anyway. Moreover, although Washington promoted the ECSC, EDC, EEC, and a European nuclear force, only the ECSC and EEC initiatives produced integration. Thus, U.S. encouragement was neither a necessary nor a sufficient condition for integration. Finally, it is important to note that the argument is *sui generis*: it cannot be used to explain the construction and shape of other institutions in other places and in other historical periods.

INTERDEPENDENCE AND INTEREST GROUPS

The historical record lends little support to the liberal explanation for integration. If integration is the product of high levels of interdependence and the making of the EC was the first example of integration in modern European history, then the Europeans must have been unusually interdependent in the 1950s. Yet they were not, even by Moravcsik's own measure of interdependence: export dependence. The founding Six were less, not more, interdependent in the 1950s than they were in the first half of the twentieth century. Germany and France were less export dependent on their EC partners in 1950–54 than in 1909–13 or 1926–30 (see table 2). The military integration claim is also unconvincing. Because the Soviet Union was so powerful, France and Germany were highly militarily interdependent: only together could they balance against the Soviet Union effectively, and neither could balance against it alone. Yet, contrary to the predictions of the theory, they did not integrate their militaries.

There is also not much evidence for the causal claim that interdependence pushed interest groups to embrace integration and these, in turn, persuaded their governments to pursue integrative bargains. The French government came up with the ECSC idea on its own and was not lobbied by business interests. Then, when the plan became public, most producer groups lined up against it. A similar story applies in Germany, where Adenauer accepted the proposal without consulting producer groups.¹⁰⁹ Moreover, as John

108. See, for example, Geir Lundestad, *“Empire” by Integration* (Oxford: Oxford University Press, 1998).

109. On these points, see Henry W. Ehrmann, “The French Trade Associations and the Ratification of the Schuman Plan,” *World Politics*, Vol. 6, No. 4 (July 1954), pp. 453–481; and Werner Bühner, “German Industry and European Integration in the 1950s,” in Clemens A. Wurm, ed., *Western Eu-*

Table 2. European Interdependence, 1909–54

| | 1950 | 1951 | 1952 | 1953 | 1954 | Average |
|------------------------------|------|------|------|------|------|---------|
| Germany with Other EC States | 3 | 4 | 4 | 4 | 4 | 3.6 |
| France with Other EC States | 2 | 2 | 2 | 2 | 2 | 1.8 |
| Region | 4 | 4 | 3 | 4 | 4 | 3.7 |
| | 1909 | 1910 | 1911 | 1912 | 1913 | Average |
| Germany with Other EC States | 3 | 4 | 4 | 4 | 5 | 4.0 |
| France with Other EC States | 5 | 5 | 5 | 5 | 5 | 4.9 |
| Region | 8 | 8 | 8 | 8 | 8 | 8.0 |
| | 1926 | 1927 | 1928 | 1929 | 1930 | Average |
| Germany with Other EC States | 4 | 3 | 3 | 4 | 5 | 4.0 |
| France with Other EC States | 6 | 6 | 5 | 4 | 4 | 5.0 |
| Region | 5 | 5 | 5 | 5 | 5 | 5.2 |

SOURCES: Marc Flandreau and Frédéric Zumer, *The Making of Global Finance, 1880–1913* (Paris: Organization for Economic Cooperation and Development, 2004); Susan B. Carter et al., eds., *Historical Statistics of the United States*, <http://hsus.cambridge.org/>; Brian R. Mitchell, *International Historical Statistics: Europe, 1750–1993*, 4th ed. (New York: Macmillan, 1998); *Annuario statistico italiano* [Italian statistical annual] (Rome: Tipografia Elzeviriana, 1878–); *Annuaire statistique de la France* [Statistical annual of France] (Paris: Statistique générale, 1878–); International Monetary Fund, *Direction of Trade Statistics* (Washington, D.C.: IMF, 1981–); and World Bank, *World Development Indicators*, <http://worldbank.org/>.

NOTE: To generate each state's interdependence (export dependence) figures, I summed its exports to the other members of the Six and divided this figure by its gross domestic product (GDP). I generated regional interdependence figures by summing exports from European Community members to other EC members and dividing this figure by the EC's combined GDP. Figures report exports as a percentage of GDP.

Gillingham observes, "German manufacturers were no more willing to sacrifice their basic industries or entrust their fortunes to a supranational authority than were the French." Indeed, even Moravcsik admits that the position of French industry was one of "opposition to the ECSC" and that the head of the Federation of German Industries described the coal and steel pool as a "typical example of how *not* to do European integration."¹¹⁰

Nor was the common market the result of pressure from business groups. French producers were not involved in the initial proposal and expressed con-

rope and Germany: The Beginnings of European Integration, 1945–1960 (Oxford: Berg, 1995), pp. 87–114.

110. John Gillingham, *Coal, Steel, and the Rebirth of Europe, 1945–1955: The Germans and French from Ruhr Conflict to Economic Community* (Cambridge: Cambridge University Press, 1991), p. 285; and Moravcsik, *The Choice for Europe*, pp. 97, 108 (emphasis in original).

siderable hostility toward the Spaak report, which provided the blueprint for the EEC. Moreover, although Moravcsik shows that French producers became “cautiously and conditionally supportive” of the common market in the summer of 1956, this is not the same as demonstrating that they pushed for integration as his theory predicts.¹¹¹ As for German producers, they clearly preferred a free trade area (FTA) without supranational institutions to an integrated common market. Moravcsik acknowledges this: German industry had a “preference for an FTA” and “consistently if somewhat unenthusiastically endorsed Adenauer’s efforts to secure a customs union.” In fact, he admits that what support there was for the chancellor’s agenda rested on “geopolitical” considerations.¹¹²

The EDC affair also casts doubt on the liberal argument. Important domestic actors in France, including the executive, the military, and major producer groups, recognized that the West European powers were highly militarily interdependent. Yet instead of pursuing military integration, as the liberal argument would predict, they chose cooperation. Germany was rearmed and incorporated into the NATO system.¹¹³

Finally, the liberal argument does not provide a good explanation of developments in the post-Cold War era. Moravcsik asserts that the West European economies have been, “and are still, extremely interdependent.” This being the case, the establishment of the single market and the creation of a single currency in the 1990s are consistent with his theory. High levels of interdependence coincided with integration. His theory, however, cannot explain why the EC has run into trouble in the 2000s. For example, Moravcsik cannot account for the failure of the constitution, which, he argues, contained only “incremental improvements that consolidate[d] EU developments of the past 20 years.”¹¹⁴ Nor can he explain why France and Germany have killed the SD, refused to integrate their services and energy sectors, and routinely violated the rules underpinning the single market and single currency.

TRANSCENDING THE NATION-STATE

There is scant empirical support for the constructivist argument that the EC should be understood as a reaction against the nation-state system. To be sure,

111. Parsons, *A Certain Idea of Europe*, pp. 102–109; and Moravcsik, *The Choice for Europe*, p. 110.

112. Moravcsik, *The Choice for Europe*, p. 97.

113. Rosato, *Europe United*, pp. 163–165.

114. Andrew Moravcsik, “European Integration: Looking Ahead,” in Karen M. Rohan, ed., *Great Decisions, 2008* (New York: Foreign Policy Association, 2008), p. 18; and Moravcsik, “A Too Perfect Union?” p. 356.

there is some evidence that in the lead-up to the ECSC, European “federalists” endorsed integration as a means to replace the nation-state system with an alternative political setup. Key decisionmakers did not subscribe to this kind of thinking, however. There is no clear-cut evidence in any of the major accounts of the federalist movement that the most important supporters of integration saw it as a means to transcend the nation-state.¹¹⁵ Indeed, based on an extensive analysis of the historical record, historian Alan Milward rejects the claim that French Foreign Minister Robert Schuman and Adenauer were “less committed to the nation-state” than their contemporaries as a “persistent cliché,” and he describes Monnet as a “begetter of the French nation-state’s . . . resurgence.” Parsons’s own analysis does little to respond to these claims. For example, his summary of Schuman and Monnet’s motives in proposing the ECSC makes no reference to a desire to eliminate the nation-state.¹¹⁶

France and Germany do not appear to have endorsed the EEC because it provided an organizational alternative to the nation-state. Parsons and historian Jeffrey Vanke show that most of the key actors in the mid-1950s were in favor of integration and endorsed the EEC as a step in that direction.¹¹⁷ They do not, however, show that this support for integration derived from a belief that it would enable Europe to transcend the nation-state system. In fact, Parsons does not even attempt to investigate the reasons behind their support for integration.¹¹⁸ Meanwhile, Vanke describes the development of a “European spirit” based on a rejection of the nation-state, but he does not provide evidence that the major protagonists acted on the basis of that spirit.¹¹⁹ It is, then, hard to sustain the claim that policymakers viewed the common market as a step toward eliminating European nation-states.

The constructivist argument also runs into trouble in trying to explain the failure of the EDC. If French officials were intent on transcending the nation-state system, then they should have been enthusiastic about giving up military sovereignty and forming a defense community. As Parsons observes, the EDC was a “huge step in federal-style unification.” In fact, it would go further than

115. Hendrik Brugmans, *L'idée européenne, 1920–1970* [The European idea, 1920–1970], 3d ed. (Bruges: De Tempel, 1970); and Lipgens, *A History of European Integration*.

116. Alan S. Milward, *The European Rescue of the Nation-State*, 2d ed. (London: Routledge, 1992), pp. 327, 334; and Parsons, *A Certain Idea of Europe*, pp. 51, 55.

117. Vanke, “Europeanism and the European Economic Community,” pp. 15–16, 59, 93; and Parsons, *A Certain Idea of Europe*, pp. 97, 108.

118. For evidence that Parsons describes almost all of the key actors in France as being pro-integration but does not address the source of their pro-integration ideas, see *A Certain Idea of Europe*, pp. 56, 64, 74, 77, 79, 97, 108, 114–115.

119. Vanke, “Europeanism and the European Economic Community,” pp. 15–16, 31–32, 92–93.

the ECSC toward transcending the European nation-state system. Given this, Parsons cannot explain why, by his own admission, there was so much vehement opposition to the defense community in France. Officials should have embraced it, not excoriated it.¹²⁰

Parsons's theory fares little better when it comes to the post-Cold War period. The Europeans' establishment of the single market and single currency in the first post-Cold War decade lends some support to his claim that most decisionmakers held "pro-community" ideas by the 1990s. Parsons cannot, however, explain the resurgence of nationalism since the turn of the century. If there is a pro-community consensus, then why have France and Germany consistently put national interests first during the past decade?

Europe's Future

What does the future hold for Europe? How likely are the Europeans to construct a political community? What are the chances that they will establish an integrated military force? And what will happen to the economic community and, specifically, to the single market and the single currency?

Predictions about the future of Europe's institutional landscape should be based on general theories about the creation, endurance, and dissolution of institutions. If scholars are to have any confidence in their predictions, they need to use a compelling theory, which is to say one that is logically consistent, that does a good job at explaining the historical record, and that accounts for the past better than extant alternatives.¹²¹ Accordingly, this section uses my theory to predict the future of political, military, and economic integration in Europe. Even this approach can yield erroneous forecasts—the complexity of political phenomena and the effects of unanticipated events virtually guarantee it. As Anderson observes, "The long-run outcome of integration remains unforeseeable. . . . Even without shocks, many a zigzag has marked its path. With them, who knows what further mutations may occur."¹²² That said, predictions generated from compelling theories are more likely to be correct than those based on pure speculation or the extrapolation of current events into the future.

The key point to note is that, for the foreseeable future, there is no reason to think that the existing balance of power is going to shift, and therefore the

120. Parsons, *A Certain Idea of Europe*, p. 69.

121. On this point, see Charles Tilly, "Reflections on the History of European State-Making," in Tilly, ed., *The Formation of National States in Western Europe* (Princeton, N.J.: Princeton University Press, 1975), p. 3.

122. Anderson, *The New Old World*, p. 78.

Europeans are not going to confront an overwhelmingly powerful adversary. Today power is distributed fairly evenly in Europe; no state has an overwhelming power advantage over its neighbors. Germany is the strongest state on the continent, but it has less than a 2:1 overall power advantage over Britain, France, Italy, and Russia.¹²³ This is likely to remain the case for some time. If we assume that population is a reasonable indicator of a state's potential power, Russia will be Europe's most powerful state in 2050, but it will have less than a 2:1 advantage over its neighbors.¹²⁴

This state of affairs means that there is hardly any chance that the Europeans will take any real steps toward political or military integration. The geopolitical architecture does not and likely will not provide an incentive for either course of action.

Absent an overwhelmingly powerful rival, the Europeans will also continue to have little reason to preserve their economic community. This is not to say that they will seek actively to disband it; only that they will not be committed to maintaining it. Therefore, the Community's future depends on the health of the European economy. In the best-case scenario, the economic situation will improve and the EC will muddle along. In the worst-case scenario, the economic situation will not improve and the EC will continue to fray, perhaps to the point where it becomes a community in name only. Specifically, member states may eventually reassert national control over the matters of trade and money.

There is a good chance that the economic situation is not going to improve. There is little debate that the single market is not delivering prosperity in its current form and that attempts to fix it, including the Lisbon Agenda, have failed. This was, in fact, the common view even before the global financial crisis.¹²⁵ Consequently, as Hix notes, there is a clear consensus that the EC "needs to undertake reforms to make the European economy generate more jobs and increase growth."¹²⁶ Many analysts argue that these reforms should include more integration: the Europeans must integrate their services and energy sectors and create an internal market for financial services.¹²⁷ Above all, warns the European Commission, members must "resist protectionist temptations and reject measures that promote national interests at the expense of the single

123. See table 1 for the sources and methods used to calculate overall power.

124. For the population projections, see <http://esa.un.org/UNPP/>.

125. See, for example, "The Quest for Prosperity," and "Europe's Mid-Life Crisis," *Economist*, March 17, 2007, pp. 6–9 and 13 respectively.

126. Hix, *What's Wrong with the European Union and How to Fix It*, p. 2.

127. *Ibid.*, pp. 31, 48; and Gillingham, *Design for a New Europe*, p. 70.

European market.”¹²⁸ The problem is that further integration is liable to create winners and losers, and because member states have no overarching reason to preserve the EC, those who stand to lose out are likely to prioritize national interests and kill initiatives designed to integrate the services, energy, and financial sectors. Simply put, reform may be badly needed, but it is highly unlikely.

A similar story applies to the single currency. As several commentators predicted, the Europeans have been feeling the strain of membership since the euro’s inception.¹²⁹ Its one-size-fits-all monetary policy has proved too tight for some and too loose for others. Fiscal policy has been another source of friction, pitting states that want to run greater deficits against proponents of tighter fiscal discipline. More recently, it has become clear that given the rules constraining monetary and fiscal autonomy, members that get into trouble can be rescued only through financial transfers from their more fortunate partners, which may not want to bail them out. One way to mitigate these problems—one favored by many economists—is to push forward with political integration. If Europe becomes a single state, rather than a collection of separate states with a single currency, these troubles will simply not arise, just as they do not arise within the United States. Paul de Grauwe, an adviser to Commission President José Manuel Barroso, makes the point clearly: “Without a political union, in the long run, the euro zone cannot last.”¹³⁰ The problem, of course, is that absent a major league adversary, political integration is highly unlikely.

Given that reforms are unlikely, economic crises and therefore the further fraying of the Community are virtually inevitable. At that point, even the demise of the EC is not out of the question. If the crisis is serious enough, for example, the Europeans could roll back the single market. After all, there is good evidence that a simpler setup, one that involves fewer rules and impinges less on state sovereignty, may yield similar economic results, and perhaps better ones.¹³¹ As Anderson notes, the “standard objectives of inter-capitalist state cooperation” can be achieved with “free trade agreements of a conventional kind, [and] without creation of any complex of supranational institutions or derogations of national sovereignty.”¹³² The Europeans may come to the same

128. Tony Barber, “Europe Expected to Suffer Long-Term Loss of Potential Economic Output,” *Financial Times*, July 3, 2009.

129. For a clairvoyant statement regarding the problems of membership, see Josef Joffe, “The Euro: The Engine That Couldn’t,” *New York Review of Books*, December 4, 1997, pp. 26–31.

130. Landon Thomas Jr., “Is Greece’s Debt Trashing the Euro?” *New York Times*, February 6, 2010. On this point, see also Paul Krugman, “The Making of a Euromess,” *New York Times*, February 14, 2010.

131. Gillingham, *Design for a New Europe*, pp. 76, 225–227.

132. Anderson, *The New Old World*, p. 86.

conclusion, at which point the EC will resemble a regular free trade area rather than an integrated trade bloc.

The euro could go the same way. Another debt crisis, especially if it involved a large economy such as Spain or Italy, could cause Germany to abandon the euro and return to the Deutschmark rather than bail out the offending party. According to economists Simon Johnson and Peter Boone, "A German exit from the euro zone, in a huff, cannot be ruled out."¹³³ Exiting the euro would, of course, be costly even for Germany, but not prohibitively so. Member states still have their own central banks, which are responsible for issuing their own euro notes and coins, and which hold most of their foreign reserves. Alternatively, France may get its way and establish a European "economic government." At that point, the euro might still exist, but it would be managed by sovereign national governments.

Conclusion

There have been two profound shifts in the European balance of power since 1945, both of which have had far-reaching effects on Europe's institutional landscape. The first shift came as a result of World War II. Before the war, there were several great powers on the continent; after it, only the Soviet Union was a great power. This change triggered an institutional revolution. Before the war, relatively weak great powers only needed to form alliances to balance against stronger great powers. They could ensure their security simply by cooperating. After the war, the West European states understood that they could only hope to balance effectively against the Soviet Union by taking the virtually unprecedented step of surrendering their sovereignty and integrating. This realization prompted them to consider several integration initiatives and to construct the EC.

Just as the emergence of the Soviet Union as the only great power on the continent pushed the Europeans to make the EC, its collapse removed the incentive for integration. Suddenly, they did not have to think about establishing a political or military community. Nor was there a compelling geopolitical reason for them to maintain the economic community they had built during the Cold War. Therefore, as soon as it became clear that the EC was not delivering prosperity, France and Germany began to prioritize national interests, violate

133. Johnson and Boone, "The Greek Tragedy That Changed Europe." See also Alan Cowell, "Memo From Berlin: More Germans Look Back at the Mark with Fondness," *New York Times*, December 24, 2010.

Community rules, and consider replacing the EC with an alternative that did not require them to relinquish their sovereignty.

Provided there are no further shifts in the distribution of power and the economic situation does not pick up—both fairly safe bets—the slow fraying of the Community that has been going on for a decade now will probably continue. This is not to say that the Europeans will stop cooperating with one another. After all, there are plenty of reasons for them to continue working together. The current distribution of power, however, means that it is unlikely the EC will continue to survive in its current form. As time passes, it is likely to look more like other international institutions, and less like the exceptional case that it seemed to be for so long.

1 LINE SHORT

REGULAR

1 LINE LONG
