

Stanford Continuing Studies

EUROPEAN ROUNDTABLE I

“The EU at a Crossroads: The Tension Between Expansion and Integration”

Introductory Presentation

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One of the more impressive political speeches in modern history was the one that Winston Churchill gave on September 19, 1946, to the students at the University of Zurich – in the middle of a Europe that had just come out of WW II in ruins and despair and with very little sense of what if any future lay ahead. It's against this desolate background that Churchill's vision of Europe is all the more remarkable:

“If Europe is to be saved from infinite misery, and indeed from final doom, there must be this act of faith in the European Family and this act of oblivion against all the crimes and the follies of the past....We must build a kind of United States of Europe ... The structure of the United States of Europe, if well and truly built, will be such as to make the material strength of a single state less important ... The first step in the re-creation of the European family must be a partnership between France and Germany ... If at first the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble those who will and those who can.”

Fast forward from Churchill's 1946 speech in Zurich to May 1, 2004 – 58 years of a remarkable, difficult, and successful story of building “a European family” in the form of the European Union – leading to what Andrew Moravcsik, one of the most reputable American analysts of the EU, has called “the most successful international institution of modern times”.

It started out with a handful of countries on April 18, 1951: Belgium, France, Germany, Italy, Luxemburg and the Netherlands joining together to form the European Coal and Steel Community, leading in 1957 to the Treaty of Rome where these six countries formed the European Economic Community – the nucleus for what, since May 1 of this year, is a community of 25 European nations comprising some 450 million people.

As an introduction to our session today, I will briefly review the history of this remarkable entity, explain why it's significant enough for us Americans to pay some more attention to it, provide some information on characteristics of the old EU (the EU 15) and the new EU (the EU 25) in comparison with the US, look at

some of the EU's accomplishments as well as some of the challenges it faces, and conclude with some remarks on the European-American relationship, especially after 11/2.

1. The ups and downs of European integration over the years

The road through these 53 years has been everything but straight and smooth, and setbacks are as much part of the history of the EU as are smaller and bigger steps forward. The demise of a European Defense Community at the hands of the French National Assembly in 1954, the repeated veto by Charles de Gaulle of Britain's membership in the EU in the 1960s, the disastrous role of the EU in the conflicts over the former Yugoslavia, and the half-baked compromises of the Maastricht and Amsterdam treaties in 1992 and 1997 are as much part of the EU story as the recent (and ongoing) hassles over a constitutional treaty for the future shape of the EU and the debates over where the expansion of the EU should go next, most notably over the possible admission of Turkey.

There are plenty of economic success stories to tell, but there is also the specter of stagnating growth and of unemployment rates that reach 7.5% in the 15 "old" EU member states and as much as twice that – 15% - in the ten new member states.

Clearly, however, May 1, 2004, when ten new member states joined the EU, must count as one of the most significant dates in that history. On that date, the EU 15 became the EU 25, the population of the EU increased from 380 million to over 450 million, in a territory reaching from the Arctic Circle to the Mediterranean and from Dublin to the Russian Border and representing an economic capacity that rivals that of the U.S.

Clearly, the EU is expanding. The question we need to ask ourselves is whether this expansion with the other goal of the EU, that of integration. Clearly, from an economic point of view expansion makes a lot of sense – it facilitates trade over a larger area, provides for the free movement of goods, people, and capital, and opens up new markets. But is a rapidly expanding European Union with such diverse members as Lithuania, Malta, Ireland, and Greece still capable of speaking with one voice in the world, of achieving one of the EU's most coveted goals: a common foreign and security policy (CFSP)?

2. The significance of the European integration process – for Europe and for the rest of the world

Before we pursue this question a little further, let's pause for a moment and ask why this process of European integration is so significant, and why we do well to become a little better acquainted with it. To quote Moravcsik once more:

“Over forty years European politicians and peoples have repeatedly widened and deepened the European Community while remaining largely aware of its past, present and future consequences. This transfer of sovereign prerogatives has, moreover, occurred entirely without bloodshed – a unique achievement in world history. The result has been an institution so firmly grounded in the core interests of national governments that it occupies a permanent position at the heart of the European political landscape.”

That’s pretty important for Europe itself, but it’s pretty important for the rest of the world as well, for two reasons:

First, it means that one of the most notorious and volatile sources of armed conflict in modern history has at last been put to rest – whatever else may and will go wrong in this world, it’s safe to say that the kinds of conflict that brought us two World Wars are simply no longer on Europe’s agenda – whatever folly they may otherwise commit, Germany and France will not go to war against each other again. That’s no small accomplishment.

Secondly, there very probably is a lesson for the rest of the world here. Because there is no question but that the modern nation-state as we know it, born in Europe in the wake of the Thirty Years War and with the blessings of the Peace of Westphalia of 1648, is rapidly becoming an outdated or at least an incomplete model of political organization. Under the influence of economic globalization, globally functioning information and communication technologies, threats of internal and external security that do not respect any borders, and large-scale migration, the classical nation state has reached the limits of its capabilities; that doesn’t make the nation state dispensable, but it makes it incomplete as an instrument of governance. Let me advance the thesis here that the European union, for all its imperfections, is as yet the most serious attempt to recognize this new state of affairs, and to seek forms of governance that combine elements of national and supra-national governance in order to deal with the kinds of challenges that the nation-state by itself is no longer capable of handling.

And while I am at it, let me stick my neck out a little further yet and claim that this country of ours (which made history by launching a pretty bold political experiment itself some 230 years ago) has not moved quite as readily as Europe has in facing this limitation of the nation state and in confronting the need for new and supranational forms of governance. In other words: we could do worse than watching the European experiment rather carefully to see what it tells us about tomorrow’s relationship between national and international politics.

3. Facts and figures on the EU

Let me get back on safer ground, and provide, for background, just a few facts and figures on the EU so that we are all on the same page in what we are talking about, before I then proceed to something of a balance sheet, between the things that Europe appears to have accomplished and the serious challenges that it faces. There is quite a bit on both sides.

Let's first look at some of the figures for the "old" and the "new" Europe, the EU 15 and the EU 25, and see how they compare with the US. As you will see, there is not all that much difference between the smaller and the larger Europe, but quite a bit of difference between that and the US.

Here we have some of the key demographic indicators. Demographically speaking, Europe's is indeed an older and, in terms of birthrates, less fertile, population compared to the US, although some of that is moderated by slightly lower life expectancies and significantly higher infant mortality rates in the US.

The economic power of the EU, as measured by its GDP, has received a rather modest boost from this latest round of expansion, but it has edged closer to that of the US in terms of overall economic capacity as measured by GDP. There are distinct and indeed dramatic differences in the annual growth rates of the economies, both within Europe but particularly between Europe and the US; we will come back to some of those differences later; incidentally, if one takes only the countries in the Euro area, the differences are somewhat less dramatic. In terms of the economic importance of different sectors: agriculture is even less important in the US than it is in Europe, and services are significantly more important in the US.

The rate of unemployment is higher in Europe, especially where young people are concerned, but the difference tends to disappear when one looks at an indicator that economists tend to consider a more valid measure, namely, the "employment rate", i.e. the percentage of the overall population between ages 15 and 64 that is employed. To some extent at least, the differences that we see here in the "unemployment rate" may be attributable to different ways of measuring "unemployment" in this country and in Europe.

There are again significant differences between Europe (small and large) and the US in terms of education and research, if one takes the three indicators

- percentage of the population with a higher education degree
- public expenditure on education as a % of GDP, and
- expenditure on R&D as a % of GDP.

In all three respects, the US clearly comes out ahead – a key factor in a situation where knowledge-based industries and services play a decisive role in worldwide economic competition.

Finally, some significant differences (though not all in the same direction) show up when we look at some of the measures of technological advances in day-to-

day life. While the US is ahead of Europe in terms of cars, PCs, and Internet use, Europe still holds quite an advantage in cell phones (although both Europe and the US are probably way behind Malaysians, Singaporeans, and Japanese).

4. Accomplishments and challenges

Next, I would like to make some suggestions on what I would consider to be some of the more significant accomplishments of the EU, as well as some of the problems and challenges that it faces. That's not going to be an exhaustive list, but should be amended by my colleagues later on, and should in any event get us going for our discussion.

- Accomplishments
 - o Assuring internal security for Europe

As I have already pointed out, for a continent that has, century after bloody century, probably produced the largest number of armed conflicts per square kilometer in human history, establishing an effective regime of internal security and effective conflict management is no mean accomplishment. So far, this clearly extends only to the EU's internal relations; even in its immediate vicinity, as the turmoil in the former Yugoslavia has shown, the EU's ability to manage and moderate conflict has been severely limited.

- o Pooling economic strength and opening markets

Economically, and current concerns over stagnation and unemployment notwithstanding, the EU is probably one of the great success stories of modern economic history. The kinds of dynamics that the creation of an open internal market of by now close to half a million people has generated, and the opportunities for trade both internally and externally that have flowed from that, have been a source of considerable prosperity for Europe itself and a source of considerable economic energy for the world economy as a whole.

This is shown in the data on world trade, where the EU and the US are just about even (with 20% each). It should be noted that, in terms of the balance of trade, both the smaller and the larger EU manage the balance between imports and exports reasonably well, while we suffer from the perennial problem of importing more than we export.

- o Creating monetary union (€)

A special case of the pooling of resources and of the joint management of economic affairs is the creation of the European Monetary Union and the introduction of a common currency – the Euro – in twelve of the 15 member

states of the “small” Europe – an accomplishment that one can only truly assess if one knows with how much fervent passion people like the Germans had been attached to their national currencies. Here again, however, there is water in the wine of European progress: When the Euro was introduced, the countries adopting it made a commitment to adhere to the so-called Maastricht criteria of economic and fiscal stability that were designed to safeguard the solidity of the Euro. That adherence is already undergoing a subtle but steady erosion under the dubious leadership of France and Germany. Furthermore, as could be read in the NYT just a few days ago, chances of extending the Euro to any of the new members of the EU (with the possible exception of one or two of the Baltic states) are rather remote for quite some time, exacerbating the chances of internal cleavage in a “Europe of different speeds”.

- Setting up a functioning institutional framework and successfully experimenting with a new, international model of politics and a supranational form of democracy

Over the years, the EU member states have yielded a good deal of sovereignty to the European Union – in areas ranging from consumer protection to environmental regulation, and from trade relations to patent laws. That has required a rather significant capacity for preparing, making, and implementing decisions, for documenting, disseminating, and enforcing rules and for adjudicating alleged violations of those rules, and for doing all of this (since May of this year) in no less than 20 (!) official languages.

There is some criticism that the EU has shown tendencies to overbureaucratize its affairs, and there is some truth to that. At the same time, however, having accomplished the task of building a truly supra-national institution that also functions has to rank as a remarkable achievement.

The basic institutional architecture of the EU is relatively simple and projects the separation of powers tradition from the national to the supra-national level:

- The role of the head of government is taken on by the “European Council” of heads of state and government that provides the guidelines for the EU’s joint actions.
- The legislative functions of the EU are divided between two bodies, two “houses” – one (the Council of Ministers) representing the national governments, and the other, the EP, representing, and directly elected by, the people of the member states – in theory a dual legitimation system, although in practice still rather skewed in favor of the Council of Ministers.
- The role of the executive branch is played by the European Commission (President and – now – 20 Commissioners or cabinet members) – with the President being elected, upon the nomination by the Council, by the EP, and the members of the Commission being confirmed (or not confirmed, as we have recently seen) by the EP; and lastly

- The European Court of Justice to adjudicate conflicts within the EU and among its institutions and sanctioning violations of the EU's rules.

The challenge that the EU has faced in its institution-building has been to tie its national member states into a decision process that is both democratic and effective. In its first incarnation, it has solved this task by the instrument of unanimous decision of the member states, essentially in the Council of Ministers as the key decision-making body: decisions (of any significance) on which not all member states could agree were just not taken. That accounted for the time it sometimes took to reach a decision, but it preserved the democratic principle that every state not only participated in the decision, but supported it.

A second element of democratic organization was introduced into the EU's affairs with the creation of a directly elected European Parliament in 1979 as an instrument for representing at the European level not only, as in the Council of Ministers, the nation states and their governments, but the people of Europe as well. At first, that was a parliament that was popularly elected, but with not very much to do. That is rapidly changing, as we have been able to see just last week when the EP refused to confirm the Commission that the President-designate of the European Commission, Mr. Barroso, had proposed. Christophe Crombez will have more to say on this later on.

It is the gradual emergence of this concurrent system of democratic legitimation that is, imperfect though it still is, the real genius of the EU's political architecture: an "upper house" in the Council, representing the member states (somewhat in the sense in which the US Senate represents the states), and a "lower house" in the EP that represents the direct, popular element of the democratic process. Never mind for the moment that the upper house was, and still is, considerably more powerful than the lower house; the experience of last week, and especially the provisions of the "constitutional treaty" that is now awaiting ratification in the EU, go a long way in evening out the disparities. An important breakthrough in the protracted and difficult negotiations over the constitutional treaty was the agreement that the member states reached on the future voting procedure in the Council of Ministers, where the principle of unanimity is to be replaced by a complicated qualified majority rule that takes into account not only the number of member states voting, but also the size of the populations they represent. – See graph

- Challenges

With that, we are already in the midst of the challenges that the EU faces. I will mention four, and say a few more words about two of them

- o The tension between expansion and integration: Making an enlarged union work through new institutional arrangements (constitutional treaty): from unanimity to qualified majorities

I have already, in speaking of the accomplishments of the EU, spoken about the remarkable job it has done in designing and constructing a European architecture of governance. This architecture is neither perfect nor complete; one can argue, as Ralf Dahrendorf does, that it will never be perfect, and that its very imperfection is one of the great assets of a live European community. I let this stand, but it is clear that both the enlarged size of the Union and the need for better and more concerted functioning of its units require changes in the institutional framework and in the rules that govern it.

I have already said something about the two “sites” where this issue plays itself out: the European Parliament (EP) and the Council of Ministers, the two co-legislating entities of the EU.

Christophe Crombez will address this issue in more detail later on.

- The legitimacy of European institutions and the question of popular support

It was Bronisław Geremek, one of the most thoughtful of Polish politicians, who said after his country’s entry into the EU: “Now we have Europe; what we need now is Europeans.” That does not only apply to Poland, but to the rest of the EU as well. For all its accomplishments, one of the weakest elements of the EU is the rather lukewarm support it enjoys among the people of Europe. A case in point is voter turnout in the elections for the European Parliament, which after all is meant to be the people’s component in the European fabric. From a high of 63% in the first election in 1979, the turnout has steadily dropped to a meager (in European terms) 46% in this year’s election. That’s not what one would call strong legitimation (even though, exceptional presidential elections like this one aside, most legislative elections in this country would dream of such a turnout), and the declining trend has a lot of people in Europe worried. Asked about their satisfaction with democracy in the EU, the response varies across countries, but reveals a considerable and often overriding amount of dissatisfaction.

Some qualifications are in order here, though: First, if one only takes the turnout in the EU 15 in this year’s election for the EP, there has in fact been a noticeable increase in the turnout compared to 1999: from just below 50% in ’99 to just below 54% this year. It’s the relatively low turnout in the new member states – (on average 40%) – that has brought the average down, and one may well argue that the people in some of the new member states may need a little longer to get used to the role of European voters.

Other indicators are more encouraging while still retaining an element of ambivalence. People obviously feel a stronger sense of attachment to their town and their country, but the attachment to Europe has after all reached 58% in the EU 15. Both in the old EU of the 15 and among the new members, pride in being

European is quite pronounced, and more people identify themselves as being both nationals (Germans, Poles, etc.) and Europeans than as nationals alone. And both a common foreign policy and a common defense policy for the EU – arguably the most critical of the EU’s challenges – enjoy overwhelming support (the dark portions of the bars), at least among the EU 15.

Still, Geremek’s challenge of finding Europeans for Europe remains. It is clear that, as institutions like the EP begin to show that they are more than high-cost debating societies, popular support for them and involvement in electing them will undoubtedly increase. Also from that point of view, the experience of seeing the EP put its foot down in not approving the members of the Commission was a step in the right direction.

- Stagnating economies

One of the persistent worries about the EU has to do with its overall rather poor economic performance. For the Euro area (12), growth of GDP keeps hovering about 2%, while the US, although declining this year, is still showing 4.8% growth over the previous year. Nor are the forecasts any better: The Economist’s forecasting team puts the Euro area at 1.9% growth for both 2004 and 2005, while the US are predicted to grow by 4.3% in 2004, going down to 3.4 in 2005. Neither set of figures are anything to write home about, especially when one factors in the tremendous current account and budget deficits, especially for the US. On the European side, however, the lack of significant growth is a matter of considerable concern. There is more growth in some of the new members, in the order of between 4 and 6 % in Hungary, the Czech Republic and Poland, but those are, of course, increases from a rather low base.

The perennial claim is that European integration, whatever else it does or does not accomplish, is economically a very good idea – and one could imagine, of course, that without integration, things would look a lot bleaker. Tim Josling will have a few more things to say on this relationship between expansion and growth, and before I get myself into too much hot water on economics, I’ll leave that part to him.

- The challenges of further expansion (Eastern Europe, Turkey)

After the big expansion of May 1 of this year from the EU 15 to the EU 25, the further agenda of the expansion process is quantitatively less ambitious, but has its share of major qualitative hurdles. The next two on the list are relatively unproblematic: Bulgaria and Romania are essentially in the same category as many of the Central European countries that were admitted this year, but simply need a little more time to conform to the enormous set of stipulations – economic, political, administrative – of the “*acquis communautaire*”, the regulatory framework of the EU. Their admission is now tentatively scheduled for

2007; they would add another 30 Million people to the 450 Million the EU now has.

The big question mark is the third on that list, Turkey. The official status, as of a few weeks ago, is that the European Commission has formally decided that formal accession negotiations with Turkey will commence. This is not a decision that these negotiations will be successful, nor is it, however, a mere act of diplomatic courtesy. Turkey would not only add some 70 Million people into the EU (almost as many as all of the 10 countries joining this year taken together!), but is clearly a case unto itself – in terms of tradition, social structure, cultural identity, and religious orientation. No wonder that the prospect of this candidacy has generated a tremendous amount of controversy. Some people have compared admitting Turkey into the EU to making Mexico the 51st state of the US, and it is that tall an order (except, as far as I can tell, Mexico doesn't want to join the US, whereas Turkey very much wants to join the EU). The US has in its turn come out quite strongly in favor of Turkish membership in the EU, for fairly obvious geopolitical reasons of its own.

Let me just tick off some of the main arguments for and against a membership of Turkey in the EU:

Arguments in favor of Turkish membership:

- Turkey could be, especially in the geopolitical situation that has emerged since 9/11, a stabilizing factor in a particularly unstable region of the world, and a buffer zone between Europe and some of the more volatile regions of the Middle East;
- Turkey's cooperation could be particularly useful in enhancing the security of supply lines for oil and natural gas;
- Militarily, Turkey has already proven as member of NATO its usefulness in the Balkans and in Afghanistan; its military capability could be an important element of the CFSP of the EU;
- As a member of the EU, Turkey could provide a live demonstration of the compatibility of Islam, democracy, and European values;
- Turkey might be able to play a critical role of mediation with some of the more militant Islamic forces in the Arab world; and
- A rejection of Turkey's quest for admission would strengthen radical and fundamentalist elements in the country and elsewhere.

Arguments against Turkish membership:

- Turkey may have difficulty complying, other than on paper, with the EU's exacting standards in the areas of human rights, institutional stability, protection of minorities, freedom of religion, and the rights of women (this argument recognizes that Turkey has made considerable progress in the

- last ten years in these areas,, but still harbors some doubts whether these changes are genuine and lasting);
- Turkey is, and will remain, an Islamic country, while Europe is shaped by its Judeo-Christian traditions. This tension will, at best, hinder the creation and consolidation of a true European identity and will, at worst, tear Europe apart (although one does have to footnote this argument by pointing out that even the existing EU is not all that purely Judeo-Christian anymore and contains, on a permanent basis, a strong and growing Muslim population);
 - Turkey's is a rather fragile, and a heavily agricultural economy (up to 40% of population); this may lead, in case of Turkish membership in the EU, to massive emigration of labor into the rest of Europe, and to radical changes in the EU's agricultural policies; (in fact, Turkey's economy is expected to grow by 5% this year, but its unemployment rate does stand at over 11%, and the median age of the Turkish population is 27, compared to Germany's 42);
 - Turkey in general is seen as "too big and too poor": in 2020, it will have a larger population than Germany, and would make up 15% of the EU population; it would cost the EU between 16 and 28 billion Euro per year in subsidies; assuming the voting procedures proposed in the new EU constitution, Turkey would have as much of a voice as Germany.

Those are weighty arguments, and one can see how difficult a debate this is and will continue to be. Indeed the question of admitting or not admitting Turkey may very well become a crucible for the EU, the test case for its ability to overcome internal division and to arrive at a joint concept of its own future.

My own prediction, for what it's worth, is that Turkey will eventually become a member state of the EU. The process will probably take the better part of the next ten years, and may lead to some changes in what the EU is today. I am prepared to extend this prediction, with a little less certainty, to most of the countries on the Balkans, as well as to a few more in Eastern Europe – once countries like the Ukraine and Belarus have lived down their Stalinist legacies.

5. Concluding observations

There are a number of interesting ways to conclude a presentation on the EU, but I suspect none is of more immediate interest this week than the question of the future relationship between Europe and the United States. Let me say a few words about that; I am sure that our discussion will come back to that topic.

I will skip the historical part of how we got where we are. The short version of that history is that we tended to overestimate the commonality of interest, values, and worldviews between Europe and the US during the period of the Cold War, and we then flip-flopped, with the Iraq war serving as a strong but by no means the

only catalyst, into the opposite, overestimating our differences. That's much too simple a picture, but as a summary, it's not bad.

The question is where we go from here. The clear and unadulterated fact is that the outcome of our presidential election has generated profound disappointment in Europe, for many to the point of frustration and resentment. It's important to realize that this is, in no small measure, a constructed situation – constructed by a pretty consistent and palpable bias in most of the European media against the first Bush administration. It's quite remarkable that even *The Economist*, which had been one of the few voices in Europe supporting Bush, finally gave in and – grudgingly but clearly – endorsed Senator Kerry for President. Depending on which poll you believe, between 50 and 75 percent of Europeans would have preferred Kerry over Bush, whose re-election was supported by less than 15% – with the notable exceptions of Poland, where Bush had a 41 to 32% majority in the polls. Politically, this is obviously besides the point; the American president gets elected in this country. But it's also hard to ignore.

In any event, it's not an easy base to start from for the next four years. There are basically two options of how the relationship can develop over these next few years; both are perfectly possible; which of those is more likely is a bit difficult to tell at this point, and will depend on a number of factors.

The first option is what I would call the further development of “mutual isolationism”, a pursuit of essentially unilateral international policies by the US, and similarly unilateral reactions by Europe, either by the EU as a whole or by individual European nations. There is quite a bit of evidence that that kind of relationship has already begun to consolidate itself; there are serious discussions in Europe about further developing a European security regime independent of, and even in opposition to, an American security regime.

The other option is one of rapprochement, of a serious attempt not only at multilateral responses to such developments as Iran and North Korea, but also at a concerted joint effort by the US and Europe to solve the four key issues that are facing the world community and threatening peace: the Middle East conflict, the fight against poverty and underdevelopment, the reconstruction of an international system of conflict management (i.e., the reform of the UN), and the fight against international terrorism.

I don't believe that there is much of a middle ground between these two options, even though there may be transitional phases in adopting and implementing them.

There are in my view four, and maybe five, key factors that will determine which of these two options is the more likely direction for the European-American relationship over the next four years to develop.

- The first factor, and probably the most important one in terms of triggering a process of change, is the attitude of the second Bush administration towards the issue of multilateral coordination and compromise in international conflict management.
- The second is the position which Europe will take on such a new multilateralism, and at least as importantly, whether Europe will manage to speak with one voice if and when this kind of a new dialogue opens up.
- The third factor, and closely related to the second, is the position the United Kingdom will take as an honest broker between the US and the rest of Europe, and the degree to which it will both emancipate itself from the existing US paradigms of international politics and gain the confidence of France, Germany, and the other “continental” European states in its role as a broker between the US and Europe.
- The last factor is the amount of resources – financial, human, technical – that this country will over the long haul be able to mobilize for the maintenance of an international security and development regime.

None of these factors can be taken for granted.

It’s hard to believe that the second version of an administration that has, in principle as well as in practice, eschewed so completely the notion of genuine multilateralism will suddenly turn around and embrace it.

While it is not inconceivable that there will be considerable sentiment in Europe for joining a new dialogue with the US once it becomes seriously possible, it’s much less certain that Europe will be speaking with one voice – all the talk about CSFP and the institution of a “Foreign Minister” of the EU notwithstanding.

I may have to leave it to my colleagues, especially Tim Josling, to give us some odds on the chances of the UK assuming that role of an honest broker. In terms of the transatlantic relationship, the UK’s loyalty to the US course of action seems to be just as intense and durable as the degree of alienation from the Continent, especially Germany and France.

The resources factor may be the one hopeful element in this equation, if what many suspect turns out to be true, namely, that unilateral conflict management in the world of tomorrow is not only of questionable effectiveness, but is also simply not affordable, even for a country as rich as this one.

There may be fifth factor involved in shaping the nature of the European-American relationship over the next few years, in addition to the four already mentioned, and that is the impact of political changes in some of the key European countries. We have already seen this happen in Spain (in the wake of the Madrid terrorist attack and their effect on the subsequent elections). There is a better than even chance of a change of government in Germany in 2006, which could bring to power the Christian Democrats with a slightly less skeptical

attitude towards US foreign policy than the current Schröder government. Monsieur Chirac has a lease on the *Palais de l'Élysée* until 2009, so don't expect any major changes there. Tony Blair doesn't look too terribly good in the polls right now, but has recently made it clear that he will serve a full third term as Prime Minister if elected. There will be some changes in the political fortunes of current governments in some of the new member states, but on the whole, my expectation is that we will not see any dramatic shifts in the political forces that dominate European politics.

The bottom line?

1. The EU has become a permanent and important fixture of the international order, and an interesting experiment in supra-national governance. We would do well to keep an eye on it.
2. The relationship between the EU and the US is in for some more difficult times. It will depend on both sides whether these times get any better.