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The French Aside, Maastricht Was Already Tumbling

By Josef Joffe

MUNICH — It hardly matters whether the French voted "oui" or "non" on the Maastricht agreement, grandiloquently titled the Treaty on European Union. For its key provisions had already been sunk — blown out of the water by the nasty realities of politics among nations.

The U.S. Constitution originally had seven articles, strewn across a few pages, to underpin "a more perfect union." The Maastricht treaty fills some 250 pages.

But you do not have to wade through hundreds of titles and protocols to get the gist. It is right there on the first two pages, spelled out in the triple pledge to go for a "single currency" and for a common foreign and security policy.

Alas, Europe has already failed the test of unity, and so the French vote does little more than prolong the agony. The handwriting has been on the wall all year, and on Wednesday the wall collapsed as if somebody had driven a car full of explosives into it.

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The European Monetary System went into shock that day when Britain and Italy pulled out after a long, hapless attempt to defend the pound and the lira against devaluation.

What is wrong with devaluation? you might ask; after all, the dollar has been on a roller-coaster for years. That is like asking, "What's wrong with a little blasphemy in a revival meeting?" For, in theory at least, devaluation would trespass against the spirit of Europe.

The whole idea of the European Monetary System as a trial run for a single currency relies on a straitjacket of fixed exchange rates. But currencies can stay together only if their masters adhere to the same standards of fiscal and monetary probity.

Except that political leaders genuflect before different altars. They look at their unemployment rates — and then at their electoral calendars.

Consequently, they will always try to wiggle out of the jacket, going for economic policies that will strain, then break, the monetary bond.

So why did the European-monetary mesh stay around for so long? For one thing, until five years ago the dictatorship of virtue was regularly relieved by a brush with sin.

There were lots of realignments and so everybody could stay on the wagon precisely because he could take an intermittent swig from the bottle. But after 1987 currencies turned into Maginot lines — to be defended at all costs and against all comers. Hence the time bomb began to tick.

The second reason was more profound: German reunification in 1990. That was like putting the junkie in charge of the cocaine supply. Originally, those stern-faced governors of the Bundesbank were to play the martinets. They would keep their own government in line and, by yanking the fixed-parity chain, force the spendthrifts elsewhere to shape up or suffer the ultimate humiliation of devaluation.

That was yesterday. The reunification bill now runs at $130 billion a year. But in Bonn, Chancellor Helmut Kohl chose George Bush as a role model: no new taxes. The result was massive deficit spending, massive borrowing and a nasty bout of inflation.

So those gentlemen from the Bundesbank stepped in like programmed robots, sending interest rates into the sky and lighting the fuse on the European Monetary System.

John Major and Giuliano Amato, the prime ministers of Britain and Italy, had but one choice: Jack up interest rates even more and kill all chances for recovery or delink from the tyranny of the Deutsche mark. They decided to stop paying — indirectly — for the costs of German reunification, and this is the end of the grand dream of European monetary union for now.

The other two pillars of union — a common foreign and security policy — crumbled earlier this year under the onslaught of a "new European order" that looks suspiciously like the old. Europe's common foreign policy took a hit in Yugoslavia from which it will not soon recover.

"We will do it our way," the European Community told the United States when Yugoslavia began to disintegrate. "Our way," though, looked like a replay of World War I when France and Britain implicitly lined up behind their old ally Serbia, and the Germans behind the former Hapsburg possessions of Croatia and Slovenia.

The Serbs got the point: Every cease-fire signed under the aegis of the Community was broken before the pens were uncapped and Lord Carrington, the mediator, rightly resigned.

A common security policy? Here too Yugoslavia acted like a flash of lightning that exposed the frailties of Europe's ambitions.

Germany will remain the odd man out as long as it hides behind a debatable constitutional interpretation that proscribes military action beyond self-defense.

The Britons, Frenchmen and Italians? They are at least willing to contribute token forces for the relief of Sarajevo. But this is where harmony bowed out. The French want the Western European Union, the "military arm" of the European Community, in charge. The British would rather march under the United Nations flag. London wants to keep NATO alive. Paris, as usual, opts for "splendid aggravation," loath to accept any arrangement that preserves the "hegemony" of the United States.

The moral of the story is a sad one: Europe has all the wherewithal for a superpower but for two elements: a common interest and a common will.

Nor should this come as a surprise.

For 40 years history was suspended. The Cold War acted as a great disciplinarian and the two superpowers, the United States and Soviet Union, always stood ready to crack the whip of bloc discipline.

Moreover, the strongest power in Europe, Germany, is no longer a shackled Gulliver. It has shed its old dependencies without acquiring the habits of benign leadership. The explosion of the European Monetary System is instructive.

What was logical for the Bundesbank — to fight fiscal irresponsibility with punishing interest rates — was a disaster for everybody else.

But leadership requires more than navel-gazing or a policy that sacrifices European to German unity. To lead is to look out for others, too.

Hence the pernicious referendum debate in France, where the proponents of Maastricht fell back on arguments that could hardly reassure their German brethren: that union was the only chance of reshackling Gulliver-on-Rhine.

Where does Europe go from here? The diagnosis is all too clear.

The disease is renationalization — with a vengeance in the East and on cats' feet in the West. The threat is not war. But the metaphors have become military ones, which is a nice way to stoke the fires of nationalism.

During the currency cataclysm the Italian press was fond of such shibboleths as "Dunkirk" and "Alamo." And the British press wrote as if "Wilhelm" Kohl had just dispatched his dreadnoughts to Albion.

Perhaps the shock of the First *Geldkrieg* will teach the Europeans a salutary lesson. Do not overreach; aim lower so as to score higher.

Europe is not ready for a "more perfect union." But the Single Market — providing for the untrammeled flow of goods, people and capital — agreed on before Maastricht will become reality on Jan. 1; French voters were not going to change that.

And the demise of the European Monetary System might actually be a blessing in disguise. For it will provide enough monetary freedom to cushion the shocks of "Big Bang '93," when the Single Market kicks in.

The Europeans have seen the future; let us hope they don't like it. Like Dr. Spielvogel in "Portnoy's Complaint," they ought to say: "So. Now vee may perhaps to begin. Yes?"

With a new, more modest agenda.

The writer is foreign editor of the Süddeutsche Zeitung. He contributed this comment to The New York Times.