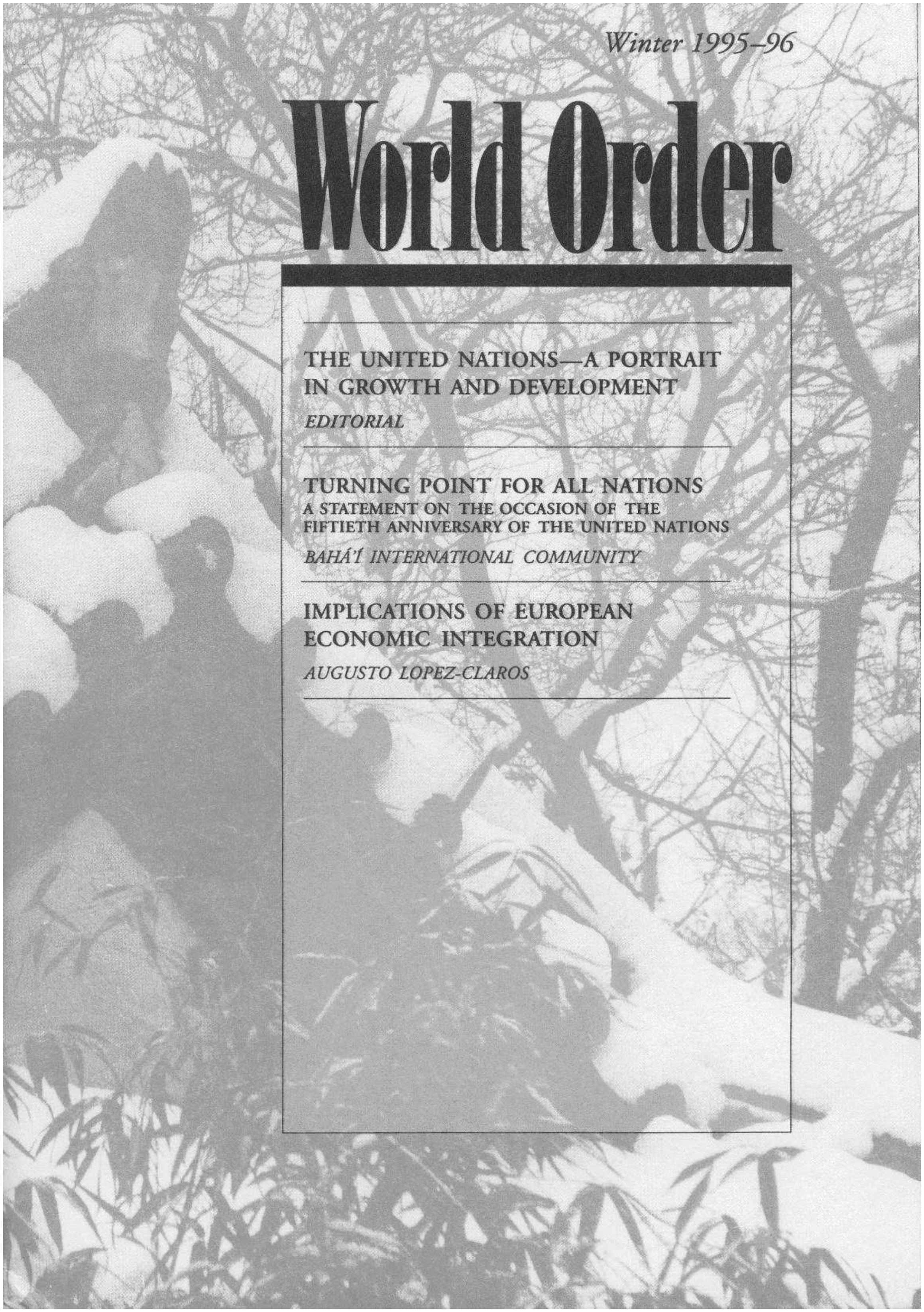

Winter 1995–96

World Order

THE UNITED NATIONS—A PORTRAIT IN GROWTH AND DEVELOPMENT
EDITORIAL

TURNING POINT FOR ALL NATIONS
A STATEMENT ON THE OCCASION OF THE FIFTIETH ANNIVERSARY OF THE UNITED NATIONS
BAHÁ'Í INTERNATIONAL COMMUNITY

IMPLICATIONS OF EUROPEAN ECONOMIC INTEGRATION
AUGUSTO LOPEZ-CLAROS

Implications of European Economic Integration

BY AUGUSTO LOPEZ-CLAROS

Introduction

IT IS UNIVERSALLY accepted that World War II, with all the terrible destruction and economic upheavals it unleashed, provided the initial impetus to the European nations' desire for greater economic cooperation. Jean Monnet, the father of the European Community, once said that

> Over the centuries, one after another each of the principal nations of Europe tried to dominate the others. Each believed in its own superiority, each acted for a time in the illusion that superiority could be affirmed and maintained by force. Each in turn was defeated and ended the conflict weaker than before. Attempts to escape this vicious circle by sole reliance on a balance of power failed repeatedly—because they were based on force and unrestricted national sovereignty. For national sovereignty to be effective, in an expanding world, it needs to be transferred to larger spheres, where it can be merged with the sovereignty of others who are subject to the same pressures. In this process, no one loses; on the contrary, all gain new strength.[1]

As one studies early attempts at various forms of economic cooperation in Europe, it becomes clear that the ultimate and most important goals were always political stability and unity. For example, the 1951 treaty, signed by six governments, that created the European Coal and Steel Community set out "to substitute for age-old rivalries the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts, and lay the foundations for institutions which will give directions to a destiny henceforward shared. . . ."[2]

The impetus for attempts at reinvigorating the process of economic integration during the second half of the 1980s, especially in the context of the now well-known Europe 1992 program, did not come from fears of renewed armed conflict. Rather, following the successful opening up of the late 1950s and early 1960s, which had greatly expanded European trade, the prevailing feeling was that the enthusiasm had tapered off for fulfilling the objectives of the Treaty of Rome—which called for the creation of a common market, free of trade barriers, in which goods, services, labor, and capital would

---

 The views expressed are the author's and not necessarily those of the International Monetary Fund.

[1] Jean Monnet, quoted in Pascal Fontaine, *Jean Monnet: A Grand Design for Europe*, Periodical 5 (Luxembourg: Office for Official Publications of the European Communities, 1988) 30-31.

[2] *Treaties Establishing the European Communities* (Luxembourg: Office for Official Publications of the European Communities, 1987) 23-32. The treaty establishing the European Coal and Steel Community was signed on 18 April 1951 by Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.

For a more comprehensive account of the European Community's first thirty years, see the author's "The European Community: On the Road to Integration," *Finance and Development, A Quarterly Publication of the International Monetary Fund and the World Bank (International)* 24 (Sept. 1987): 35-38.

move without hindrance across national boundaries.[3] Instead, Europe found itself in the early 1980s in the midst of economic stagnation, witnessing the recovery of the American and Japanese economies, worried about competition from newly industrialized countries of the Far East, and increasingly aware that the Common Market was perhaps not that "common." No longer existing tariff barriers had sometimes been replaced by hidden barriers: Germans would not allow imports of beer from other countries for "health reasons"; Italians would not allow imports of pasta because these were not done with the "right" kind of flour.

The impetus for economic integration came from businesses and from entrepreneurs who realized that Europe could not be competitive with the United States and Japan and the newly industrialized countries if it did not put an end to economic divisions. The fear of being left behind is what galvanized the European Community into action. The strategy eventually adopted by European leaders consisted of three main components. First, they would identify a comprehensive list of barriers that needed to be eliminated to create a wholly unified, efficiently integrated European market; in the end the list came to include some three hundred items. Second, they would lay out a clear timetable to be followed to get those measures (or directives as they are called in European Community jargon) adopted by the end of 1992. Third, they would amend the Treaty of Rome to make it possible for the three hundred directives to be adopted by "qualified majority voting" among ministers rather than by unanimity; this was the heart of the so-called Single European Act.[4]

Given the desire to act to stem further decline, why was this particular set of proposals appealing to European Community members? One can point to at least three factors. First, Europe 1992 (as the program was eventually called) was perceived as a practical goal with clearly defined objectives and a magic date attached at the end as a

---

[3] The establishment of the European Coal and Steel Community (ECSC) was not seen as an end in itself but, rather, as a first step in a lengthy process that had the potential to lead toward greater economic and political integration. At about the time that the ECSC Treaty was signed, for example, France proposed the creation of a European defense community to bring the armed forces of Europe under the control of a federal authority. As this would have entailed the existence of a common foreign policy, a proposal was considered by the members to create a new community with powers in the areas of foreign affairs, defense, economic and social integration, and human rights. But the ensuing debate showed that there were significant differences among member states in the degree of commitment to the principle of integration and in the extent to which each was willing to cede sovereignty in specific areas.

The failure to establish a viable European defense community, however, convinced the ECSC countries that European integration would have to proceed with less ambitious objectives. To this end the foreign ministers of the ECSC countries appointed a committee—under the chairmanship of Paul-Henri Spaak, the Belgian foreign minister—to look into the issue of further integration. In mid-1956 the committee's proposals were approved and intergovernmental negotiations set in motion with the aim of establishing the European Atomic Energy Commission and the European Economic Community. The treaties of Rome establishing these two institutions were signed by the six founding members on 25 March 1957; together with the earlier ECSC treaty they form the constitution of the European Communities.

[4] "Qualified majority voting" refers to a voting system in which each country's voting power roughly reflects its economic size. The decision to eliminate a particular barrier could go forward if there were support for it from enough countries to constitute a majority in terms of the voting power, even if this meant, for example, that only five out of the twelve countries supported a particular decision. At the time that the Single European Act was ratified there were a total of seventy-six council votes distributed as follows: Britain, France, Italy, and West Germany—ten votes each; Spain—eight votes; Belgium, Greece, Holland, and Portugal—five votes each; Ireland and Denmark—three votes each; and Luxembourg—two votes.

powerful symbol. Second, an absence of priorities (which would favor one country's interests over another's) and an emphasis on practical ends was thought to be an advantage. Rather than focus, for example, on the political consequences of a common immigration policy, it was decided that it would be desirable to have a community with "no security controls at frontiers"; the two are equivalent but the latter was more politically palatable. Third, Europe 1992 was also perceived as a massive process of deregulation; the mood in Europe was ripe for this, given the increasing emphasis on market-oriented economic policies and the removal of rigidities and economic distortions. Many feel that if Monnet had been alive he would have approved of the entire project as being in harmony with his own thinking about economic and social progress. He once noted that

> There will be no peace in Europe if states are reconstructed on the basis of national sovereignty, with all that that implies in terms of prestige politics and economic protectionism. The nations of Europe are too circumscribed to give their people the prosperity made possible and hence necessary by modern conditions. Prosperity and vital social progress will remain elusive until the nations of Europe form a federation or a "European entity" which will forge them into a single economic unit.5

Mutual Recognition

A CENTRAL feature of the Single European Act, eventually ratified by European parliaments in 1987, is the incorporation of a novel and singularly important concept: *mutual recognition*. Throughout much of the 1970s the road to a common market was thought to lie in "harmonization." The European Community would pass norms on such things as taxes, banking licenses, insurance, public health standards, professional qualifications, and so on. These would need to be approved *unanimously* by the member states; then the barrier in question would be removed. Understandably, the process was extremely slow and frustrating, with community interests often sacrificed to national interests, and the principle of unanimity often abused. But in 1978 the European Court of Justice, one of the founding institutions of the Community, examined a case and established an important precedent.

The case involved a West German company that wanted to import a French liqueur but found it could not do so because the liqueur's alcohol content was lower than that required by German law. This resulted in a lawsuit, and the European Court of Justice eventually decided that West Germany was discriminating against foreign competitors and that it could not block the import of a product sold in France unless it could prove that the import should be banned on health, consumer protection, or similar grounds. This, of course, West Germany was unable to do.

The case turned out to have vast implications; it became the most effective weapon in demolishing previously hidden barriers. As a result of the application of the principle of mutual recognition, which this case established, commercial banks in one country can establish themselves in all countries; insurance policies can be sold across borders; and a Spanish physician may go to Germany and claim recognition for his professional credentials, to name but a few examples.

[5] Monnet, quoted in Fontaine, *Jean Monnet* 20-21.

Border Controls

THE ENTIRE Europe 1992 program was initially predicated on the notion of a Europe without frontiers, given public perceptions of these as powerful symbols of division separating sovereign states. The issue has several aspects. First, there is the question of customs posts themselves and their impact on trade flows. In the mid-1980s the direct annual cost to firms of customs formalities for intra-European Community trade was thought to exceed well over US$12 billion. There was, however, more to the elimination of customs controls than finding jobs for more than fifty thousand customs officials who would no longer be needed in a frontier-free Europe. Customs posts have much to do with taxes: They protect a country's indirect taxes from relative tax advantages available in other countries; they allow governments to collect the value-added-tax (VAT) that is due them. A sudden elimination of customs controls would result in large diversions of tax revenue as businesses and consumers made purchases across state borders to benefit from sometimes sharply different VAT rates. It has been established, for example, that in the United States sales tax differentials of up to 5 percentage points are possible between contiguous states before incentives are created for large cross-border purchases. In this area the European Community Commission decided to work for greater tax harmonization. The idea was to narrow substantially differences in tax rates.[6]

But a Europe without frontiers also meant the elimination of passport controls, which in turn had implications for gun control, immigration laws, visas for non-European Community residents, and so on. The difficulties were numerous. Some countries have strict gun controls; others do not. Denmark has passport-free arrangements with Scandinavian countries; hence an airplane arriving in Madrid from Copenhagen, from the perspective of a Spanish immigration official, could have as many Norwegian as Danish citizens, thus requiring some degree of monitoring and control, since Norway is not a member.

Notwithstanding the technical difficulties, considerable progress was made once the program was launched. Border controls were significantly streamlined in 1988 with the introduction of a "Single Administration Document" (SAD) that replaced more than thirty documents required by trucks crossing European Community frontiers. On 1 January 1993 the SAD itself was eliminated and replaced by a system that shifted tax control away from the borders to the producing firm. This was facilitated by a Council of Ministers decision in 1991 significantly narrowing the range of variation for VAT rates. From the outset there was universal consensus that it would be extremely important for the European Community to succeed in this area, given the psychological impact. It would be difficult, indeed, to claim victory for the goal of a Europe without frontiers in the presence of continued border controls.

The single-market program involved many other elements and projects, dealing with such issues as the freedom of individuals and enterprises to move money across borders, including the right to open up bank accounts in any other European Community member states; the right of individuals and enterprises to sell financial services across borders; the opening of public procurement to previously exempt sectors, and, more important, to

---

[6] For a few goods—cigarettes, alcoholic beverages, fuels—the issue is considerably more complicated. A liter of pure alcohol in Britain carries about US$30 in tax; in Greece the tax is about US$0.70. "Harmonization" was thus complicated by legitimate public health concerns; as there was ample evidence supporting the thesis that lowering the price of alcoholic beverages has an immediate adverse impact on alcohol-related problems, including traffic fatalities, incidence of cirrhosis mortality, and so on.

other countries; measurements and quality control standards (so that light bulbs made in any European country can be used all over Europe, computers be made compatible, and so on); air and road transport, eliminating a number of existing restrictions.

A Historical Perspective

THE European Union's first thirty-five years may best be characterized as a series of achievements tempered by setbacks and innovations in the wake of stagnation. The member states' commitment to integration and increased cooperation has coexisted with a reluctance, stemming from a desire to safeguard national interests, to transfer sovereignty to European Community institutions. The extent and the speed of progress has thus been largely determined by the relative strength of these two forces. Overly ambitious initiatives—like some that preceded the creation of the European Community—have been discouraged, and ways have been found to keep the pace of change attuned to domestic political realities. The unanimity rule adopted in 1966, which effectively gave members veto power over Community decisions on the grounds that they might wish to defend vital interests, is a good example of the latter force gaining the upper hand. In time it led to segmentation in the decision-making process, weakening the chances for consistency between different policies.

In spite of the setbacks, the 1980s saw significant progress in a number of key areas. The European Monetary System succeeded in creating stability in exchange rates through a greater coordination of financial policies and led to the increasing recognition that such coordination would probably have to be brought under the control of a European central banking system. The European Council's 1985 call on the Commission to "draw up a detailed program with a specific timetable to achieve a single large market by 1992" is further evidence of a renewed commitment to accomplishing the Treaties' original objectives.

One of the most significant recent developments—and one that has already had a profound influence upon the evolution of the Community—is the unanimous ratification in 1987 by the member states of the Single European Act, an amendment of the Treaties of Rome. In addition to providing for the completion of the single market by restricting the rights of members to veto decisions in many key areas, particularly those pertaining to the elimination of barriers to the free flow of goods, services, labor, and capital, the Single European Act provided for a significant streamlining of the decision-making process. It became the legal instrument that permitted the speedy implementation of the legislative agenda set out for the completion of the single market. The Act also brought under the jurisdiction of the Treaties new fields of concern—for example, the environment—and set up a permanent Secretariat for political cooperation on foreign-policy matters. Furthermore, it recognized the competence of the Community in the area of monetary policy and enhanced the consultative rights of the European Parliament.

Underlying the important policy and institutional developments is an increasing degree of popular support for the ideals that gave rise to the creation of the European Community. EUROPE 2000, a comprehensive opinion poll carried out by the Commission on the thirtieth anniversary of the Treaties of Rome to assess European citizens' attitudes about a united Europe, showed, among other things, that two out of three European Community citizens were in favor of the Community's developing into a United States of Europe within the next twenty years and that nearly 60 percent would entrust a European supranational authority with responsibility over economic policy, foreign affairs, and defense within the same period. This is an extraordinary statistic that indicates a marked shift not only in economic attitudes but in psychological reflexes between generations that appear to be moving from an unquestioning faith in national sovereignty to a searching belief in more comprehensive loyalties. Against the background of several centuries of hostile nationalism and conflict, the results of the EUROPE 2000 survey underscore the enormous changes that have taken place during the last five decades in the attitudes of the average European, changes that augur well for the future of the European Community.

Economic Versus Political Union

IF ONE begins with the idea that the ultimate aim of greater economic integration was always political stability and unity, it is well worth asking what are likely to be the political implications of an economically unified Europe. Will the mighty forces pushing nations in the direction of greater economic cooperation and unity lead inevitably to political integration and unity? The key question, in fact, is: Will there ever be a United States of Europe? This issue is the subject of much debate today and is likely to remain so to the end of the century.[7] The importance of the answer to this question transcends Europe itself; it lies at the heart of the question of whether "uniting the nations" is an achievable goal within our lifetimes. Monnet believed passionately that the process of economic integration he' had helped launch in the 1950s would lead to a United States of Europe. He did not know what form the government would take, but he thought that a united Europe would create a new political model for the world.

There are several lines of thinking on this subject. Some see greater economic integration (the Europe 1992 program is the best example) as an ongoing process, as a stepping stone toward a European Federation, one in which countries would become member states, having ceded sovereignty to European federal institutions in important areas. Others view a united, more integrated regional economy as an end in itself, not necessarily involving the loss of national sovereignty in other areas, particularly on the political front.

Those in the first group argue that increasing economic unity will give way eventually to a single foreign policy, as Europeans begin to speak with a single European voice on issues affecting the welfare of the world. Political unity is thus seen as a gradual and evolutionary, but largely inevitable, historical process. A noted European businessman captured the feeling when he observed that "The question of national sovereignty and its abdication to a greater body is something in the hands of the young. It will come through increasing trust and increasing travel, as the memories of the bitterness of the past, particularly the last thirty to forty years, gradually fade away."[8]

Such bitterness is to be replaced gradually by a growing European consciousness: the idea that there is no contradiction between being a good German or Italian and a good European. The evidence seems to suggest that this broadening of loyalties, what Bertrand Russell used to call "the expansion of one's mental universe," is rapidly taking root in Europe as survey after survey has consistently revealed strong popular support for the ideals that gave rise to the birth of the European Community.

---

[7] Witness, for example, the recent, at times heated, debates on the introduction of a single currency by 1999. Independently of whether someone is in favor or opposed to this step, there is broad consensus that this measure has a fundamentally political character and that, as one European senior minister recently put it, "The heart of monetary union is the promise of European political unity" (*International Herald Tribune* 29 Sept. 1995).

[8] National Public Radio broadcast.

Others, however, show considerably less enthusiasm for a United States of Europe; a long history of nationalism seems sometimes to weigh heavily on their minds. Consider the following words from Mrs. Margaret Thatcher, former Prime Minister of Britain:

> Nations should trade more freely but not share national sovereignty with some European conglomerate or superstate administered from Brussels. Just look at the difficult language problem. Just look at the different stages of development. It is not possible to have a United States of Europe. What is possible is that the twelve countries steadily work more closely together on things we do better together, so we can trade more closely together, and have fewer formalities across borders. But not to dissolve our own infinite variety, our own nationality, our own identity.9

It is important to establish a distinction between "unity" and "uniformity." One must guard against the latter and would wish to preserve the diversity of the human family—in the case of Europe as it manifests itself in different languages, customs, food, music, and other expressions of a given culture. But preserving the diversity of language does not mean, for example, that one cannot learn a second auxiliary language to communicate across countries and cultures. Learning such a language would not be a betrayal of one's cultural or national identity. On the contrary, to the extent that it allows one to learn about other peoples, their hopes, desires, fears, it might enhance understanding of one's own background. "Unity in diversity" is the goal. Surely this is not incompatible with the emergence of global institutions. Regarding the other obstacles—namely, the "language problem" and the "different stages of development"—it is not clear why these should be seen as insurmountable barriers. German and Portuguese businessmen have meaningful interchanges all the time; they speak in English. Regarding the "different stages of development," these exist within countries and can be a challenge to deal with but hardly ever become the primary reason for political fragmentation and disunion.

For a time, at the turn of the decade, there was a feeling that European integration might be slowed as a result of rapid changes in the international political environment, including the process of German reunification and ongoing processes of economic and political transformation in eastern Europe and among the former members of the Soviet Union. On a number of occasions in the last several years European leaders have restated their deepened commitment not only to complete the agenda of the original 1992 program but their intention to establish a monetary union sometime in the 1990s.[10] For example, a

---

[9] National Public Radio broadcast. In the same broadcast about a state visit to England a few years ago National Public Radio reported that the then Prime Minister of France, M. Michel Rocard, suggested to Mrs. Thatcher that a European federation would be achieved in fifty years. She quickly replied that it would be more like a thousand years, to which Mr. Rocard added, "At least she didn't rule it out altogether!"

[10] The term economic and monetary union implies the "complete freedom of movement for persons, goods, services, and capital, as well as irrevocably fixed exchange rates between national currencies and, finally, a single currency" (*Delors Report* [Brussels: Commission of the European Communities, 1989]). It is expected that by eliminating variability in exchange rates a single currency would remove remaining uncertainties in intra-European Community exchange rates, as well as reduce costs of transactions.

It would also require the creation of a new monetary institution and hence would involve a new treaty. The *Delors Report* established three stages on the way to a Europe with one currency and a Central Bank (1) More tightly coordinated economic policies to offset the impact of capital mobility; (2) A new treaty or amendment to the Treaty of Rome to create a European System of Central Banks to run national monetary policies, which would result in narrowing fluctuation bands in exchange rates in the European Monetary System; and (3) Permanently locked exchange rates together with binding central monetary and budgetary control. A single currency would then emerge. These goals are to be achieved by the end of the present decade.

December 1989 summit of European Community leaders established a deepened commitment to complete the 1992 program on time, together with the setting of a date (December 1990) for starting negotiations for a new European Community Treaty leading to economic and monetary union. The 1989 summit also led to the signing, on 19 December 1989, by the foreign and trade ministers of the European Community and the six members of the European Free Trade Area (Austria, Sweden, Iceland, Finland, Switzerland, and Norway) of an agreement that would effectively create an enlarged Europe, free of barriers, thereby paving the way for future integration at the political level.

On 20 April 1990 a Franco-German initiative was launched to achieve European political and monetary union by 1993, thereby bringing integration of the Community into line with the faster pace of German unification. The message from President Francois Mitterrand and Chancellor Helmut Kohl to the Irish Prime Minister and then President of the European Community Council said that, "In view of the profound transformations in Europe, of the establishment of the internal market and of the achievement of Economic and Monetary Union, we think it necessary to accelerate the political construction of the 12-member Europe." Specifically, they called for an intergovernmental conference with the aim of defining and putting into effect a common foreign and defense policy. Their objective was that "economic and monetary union, as well as political union, should come into effect on January 1, 1993 after ratification by national parliaments."[11]

Although some of these deadlines were missed and the debate on the character and timing of political union persists, most would agree with the sense of the statement made by the political scientist Stanley Hoffmann, who a few years back, in *The Atlantic*, wrote that,

> Whether or not they succeed in establishing a unified market by 1992 is a detail; it is not the timetable that matters but the process itself. It may take a little longer, because the issues of pooling sovereignty over money, taxation, and fiscal policy, for instance, are very complicated, . . . what counts is that things are again in motion.[12]

Indeed, on 7 February 1992 the twelve member states signed the Maastricht Treaty on European Union, which calls for the introduction of a common European currency by 1999 and significantly expands the power and spheres of influence of European institutions. It also gives legal meaning to the concept of union citizenship and associated civil rights. The treaty entered into force on 1 November 1993, following ratification by the member states.[13] These initiatives were considerably strengthened in 1994 with the ratification by the parliaments of Finland, Austria, and Sweden of those countries' entry into the European Union, thereby bringing membership in the Union to a total of fifteen countries (combined population of 370 million) and thus creating the largest trading bloc in the world.

---

[11] *London Financial Times* 20 Apr. 1990.

[12] Stanley Hoffmann, "What Should We Do in the World?" *The Atlantic* Oct. 1989: 95.

[13] As noted by Klaus-Dieter Borchardt, a senior European Community official: "The introduction of Union citizenship created a direct link between European integration and the people it is meant to serve. Union citizenship confers concrete civil rights. As Union citizens, nationals of the member states can move freely throughout the Union and settle wherever they wish. They have the right to vote and stand as candidates in municipal elections in the member state where they reside. This has major implications. Indeed some member states had to amend their constitutions to make it possible" (*European Integration: The Origins and Growth of the European Union* [Luxembourg: Office of Official Publications of the European Communities, 1995] 64).

Implications for the Future

THE PRESENT processes of European integration have a significance that transcends their immediate stated objectives. Beyond the eminently technical and occasionally dry nature of the issues underlying these processes, the European countries may find in the end not just increased material prosperity but something far more enduring—the promise of a better world. Three things may be said in this respect.

First, in that most enlightened of books, *The Fate of the Earth*, Jonathan Schell brought out wonderfully the dilemma that humanity faces:

> We have organizations for the preservation of almost everything in life that we want but no organization for the preservation of mankind. People seem to have decided that our collective will is too weak or flawed to rise to this occasion. They see the violence that has saturated human history, and conclude that to practice violence is innate to our species. They find the perennial hope that peace can be brought to the earth once and for all a delusion of the well-meaning who have refused to face the "harsh realities" of international life—the realities of self-interest, fear, hatred, and aggression. They have concluded that these realities are eternal ones, and this conclusion defeats at the outset any hope of taking actions necessary for survival.[14]

But perhaps the tragic experiences of the twentieth century have begun to pull us out of our paralysis. We may have fought and destroyed each other for ages, frequently under the flimsiest of excuses, but we appear to be able to draw lessons from our painful experiences. Despite centuries of evidence to the contrary, human beings are apparently not selfish and aggressive by nature. It is a triumph not just for the citizens of France and Germany but for all humankind to be able to state with certainty, despite a long history of conflict and bloodshed, that the two countries will never again be at war with each other—as a consequence of nearly forty years of economic integration. It says that, in the long run, reason can and will prevail. It vindicates the teachings of many of the world's religions that have tended to see human beings as receptive to education and spiritual transformation. As noted by Bahá'u'lláh, the Founder of the Bahá'í Faith: Women and men are mines "rich in gems of inestimable value. Education can, alone, cause" them to reveal their "treasures and enable mankind to benefit therefrom."[15] Prejudice, war, exploitation may not be manifestations of our inherent nature but rather signs of collective immaturity. Eventually humanity will attain the age of maturity.

Second, in the coming together of previously warring nations, one can see a reaffirmation of the universality of certain human values. Two frequent arguments put forward by those opposed to the creation of supranational institutions as a way of addressing the complexities of an increasingly interdependent world are that the world is, in fact, too large and too diverse to be united. The first observation has been made largely irrelevant by the swift progress in the fields of transport and communications, which in the last decades have brought human beings much closer to each other, if not always in spirit, at least physically—a process that has also forced humankind to reexamine many of its long-held prejudices. But, more important, in this century more than in any previous era, human beings have begun to find that there is much more that unites them to their fellow human beings than separates them. Skins may have different shades, different

[14] Jonathan Schell, *The Fate of the Earth* (Great Britain: Knopf, 1982) 185.
[15] Bahá'u'lláh, *Gleanings from the Writings of Bahá'u'lláh*, trans. Shoghi Effendi, 1st ps ed. (Wilmette, Ill.: Bahá'í Publishing Trust, 1983) 260.

languages may be spoken, and worship may take different forms, but the majority of humankind desires a world of peace and nonviolence, economic well-being and security, social justice, and a stable environment. The recognition of this sharing of values by increasingly greater numbers of people holds great promise for our future and may well explain much of the swift change that the entire world is experiencing.

Third, in some sense, if the present European experiment succeeds, one of the more important implications for the rest of the world may not necessarily be the increased benefits resulting from the recognition of common economic interests but rather the setting up of a secure political basis for a lasting peace. What started in 1957 as a seemingly unambitious project to reduce barriers to trade among six trading nations may, in retrospect, come to be regarded as the first glimmerings of international peace. The slow, sometimes frustrating, but steady process of consultation, of finding common ground, of giving and taking, may have enhanced the sensitivity of European leaders to broader concerns. The European Council, the heads of state of Europe, has been meeting two to three times a year for over twenty years now.[16] Is it a surprise that, ever so slowly and tentatively, they would have come up with some truly constructive initiatives, such as that embodied in the successful Europe 1992 program?

In a book written in 1875, in which He outlined the prerequisites of a sustainable civilization, Abdu'l-Bahá, the son of Bahá'u'lláh and His father's appointed successor and interpreter of His writings, wrote that

> True civilization will unfurl its banner in the midmost heart of the world, whenever a certain number of its distinguished and high-minded sovereigns . . . shall, for the good and happiness of all mankind, arise, with firm resolve and clear vision, to establish the Cause of Universal Peace. They must make the Cause of Peace the object of general consultation, and seek by every means in their power to establish a Union of the nations of the world.[17]

One hundred and twenty years later, on the fiftieth anniversary of the creation of the United Nations and on the eve of a new century, facing an ever greater number of challenges stemming from our growing interdependence and the shortcomings of our international institutional framework, such a passionate call for the creation of a union of the nations of the world does not seem such a romantic or impractical idea. On the contrary, it seems to be an idea whose time has come. As Monnet believed, it may well be that an economically and politically united Europe could be the forerunner of a new political model for the rest of the world.

---

[16] A long-standing problem with the European Community was the absence of real authority. Monnet thought that, unless the Heads of State were brought into the decision-making process, progress would be slow. Hence in 1973 he pushed for the creation of the European Council, which is made up of Heads of State of the member countries. In time, through its regular two or three meetings a year, the Council has had an enormous impact on decision making. The combination of majority voting and growing popular support for European Community and European Community institutions in general (which, of course, is a key issue from the perspective of politically conscious statesmen and stateswomen) has greatly accelerated the development of the Community. In the eighteen-month period from early 1988 to mid-1989, 150 decisions were taken, the equivalent of an entire decade of work in earlier times.

[17] ‘Abdu'l-Bahá, The Secret of Divine Civilization, trans. Marzieh Gail and Ali-Kuli Khan, 1st ps ed. (Wilmette, Ill.: Bahá'í Publishing Trust, 1990) 64.

AUGUSTO LOPEZ-CLAROS is an economist with the International Monetary Fund. For the last three years he was the IMF's resident representative in the Russian Federation; he is presently taking a period of study leave to do some research and writing on economic reform in transition economies. Dr. Lopez-Claros was educated in England and the United States, receiving a diploma in mathematical statistics from Cambridge University in 1977 and a Ph.D. in economics from Duke University in 1981. Before joining the staff of the International Monetary Fund in 1984, Dr. Lopez-Claros was professor of economics at the University of Chile in Santiago. He has published many papers on economics in international journals and has written and lectured in South America, the United States, and Europe on subjects such as economic integration, unemployment, macroeconomic stabilization, public health, cooperation and interdependence, peace and the meaning of spiritual development, new concepts of power and justice, and issues concerning the family and education.