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## Book Review: Cautious Revolution: The European Community Arrives

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## BOOK REVIEW

*Cautious Revolution: The European Community Arrives.*  
By Clifford Hackett. New York: Praeger, 1990. Pp. 239.

*John T. Shaw\**

If the broad macroeconomic consequences of Western Europe's drive to a single market are unclear and subject to considerable contention, one specific microeconomic effect is clear and without challenge: the explosive growth of that segment of the book publishing industry describing developments in Europe.

Especially since the European Community (EC) launched its plan to complete its internal market by the end of 1992, a flood of books dealing with various aspects of the EC has hit the market.

*Cautious Revolution* by Clifford Hackett is a valuable addition to this growing literature on the European Community. Hackett is a respected authority on European affairs who has worked in the U.S. Foreign Service and as a congressional aide. He is currently the Executive Director of the American Council for Jean Monnet Studies.

In *Cautious Revolution*, Hackett outlines the history of the EC as both an idea and institution, identifies the EC's successes and failures, and assesses the relationship between the United States and the EC.

As the book's title suggests, Hackett views the emergence of a community of European nations as a revolution, albeit one that "is proceeding with a caution appropriate for the long and scarred European history of grand ideas brought to earth by reality."<sup>1</sup>

Hackett's history of Europe is solid, focusing mostly on Western Europe since World War II. He offers a clear chronology of events and nicely profiles the contributions of the Community's founding fathers such as French industrialist Jean Monnet, French Foreign Minister Robert Schuman, and Belgian Foreign Minister Paul Henri Spaak. Each possessed vision, pragmatism and a commitment to a community that

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<sup>1</sup> C. HACKETT, *CAUTIOUS REVOLUTION: THE EUROPEAN COMMUNITY ARRIVES* xii (1990).

would prevent Europe from destroying itself again by internecine war. With the history of the Community as a backdrop, Hackett describes the EC's key institutions: the Commission, Council of Ministers, European Parliament, and the Court of Justice.

As Hackett explains, the Commission is the EC's executive body, responsible for initiating and implementing policies. The European Parliament is the EC's deliberative body which, while lacking many of the traditional powers of a legislature, plays an important role in the Community's budget process. The Council of Ministers is the most powerful and complex EC institution. It is in the Council that the interests of the twelve member states are most directly represented. The Council issues the regulations, directives and rules that are at the heart of EC policy. Finally, the Court of Justice is the Community's judicial branch which ensures that EC law is applied throughout the Community.<sup>2</sup>

Hackett sees the Community as a powerful economic force, positioned to attain "a high and relatively invulnerable place in the twenty-first century world."<sup>3</sup> The EC's emergence as a major force on the international stage is the result of its creation of several key programs, including a monetary system and a single market — the so-called 1992 plan.

The European Monetary System (EMS) was created in the late 1970s as a response to enormous instability in the world economy and particularly in foreign exchange markets. The EMS' twin goals are to provide greater exchange rate stability among EC member nations and to promote the convergence of economic policies within the Community.

The author outlines the views of both supporters and critics of the EMS but clearly sympathizes with the former. "As the EMS passed its tenth anniversary in 1989," he writes, "there were still skeptics in the U.S. Treasury Department. They had once doubted that the EMS could ever work. When it did, they seemed dismayed that it might be working so well in Europe that it could serve as a putative global model with a firmly structured exchange rate system."<sup>4</sup>

The EC's 1992 single market plan is described by Hackett as the current driving force of the Community, giving it much of the legitimacy and recognition that it now commands in the world. Hackett describes the thrust of the program — removing existing physical, technical, and fiscal barriers — and also shows its broader import.

Hackett writes:

[I]n no other field has elimination of national barriers among Community

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<sup>2</sup> *Id.* at 35-80 (describing EC institutions in detail).

<sup>3</sup> *Id.* at 207.

<sup>4</sup> *Id.* at 141.

members been so complete. In no other field has the Community found such consistent and growing success. And in no other field of Community activity has European integration put itself on such a dramatic course as that embodied by the 1992 internal market deadline.<sup>5</sup>

Hackett underscores the importance of the single market program and outlines those areas in which it will be difficult to reach agreement. For example, he argues that resolving differences in such areas as indirect taxes, border controls, and government procurement will be very difficult because they are, "very close to the heart of national identity in a modern trading society."<sup>6</sup>

If *Cautious Revolution* is clear about the EC's successes, it is also relatively clear about its weaknesses. The two areas that Hackett discusses at some length are agriculture and technology.

The Common Agricultural Policy (CAP) is widely seen in the international community as an overtly protectionist scheme that provides European farmers with market distorting subsidies. Hackett does not dissent from this view, but puts the CAP into an historical context as the political glue that has held the EC together for several decades. And while Hackett does not minimize the costs of a program that still devours two-thirds of the EC's annual budget, he points out that this percentage is so high largely because there are so few other big ticket items in the Community's budget. He shows, for example, that while the CAP cost the EC about \$30 billion in 1987, this was not that much greater than the U.S. expenditure of \$22 billion on its farm program.

Hackett puts the CAP problem in an interesting perspective when he states:

The Community's problem is not too much agriculture but too little development of a real community beyond the farm and marketplace . . . . Restraining and ultimately reducing the cost of the CAP in both absolute terms and as a percentage of the EC budget is indispensable in political terms even if the Community could manage the expense. The Community was not established simply to administer a farm program, even if it had one of superb efficiency and at reasonable costs. The Community must enlarge its resources and expand its scope so that agriculture assumes a more modest share of resources and thus its proper place in the EC budget. Failure to do this may erode the strong popular support for the Community ideal.<sup>7</sup>

The EC's inability to spur the growth of a vibrant and competitive high technology industry is a problem that Hackett believes may have profoundly pernicious long-term consequences. He argues this failure is the result of problems such as labor force rigidity, limited experience

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<sup>5</sup> *Id.* at 81.

<sup>6</sup> *Id.* at 84.

<sup>7</sup> *Id.* at 122-23.

with venture capital funds, and Europe's history of separating science and technology. Above all, Europe has heretofore lacked a single market for high tech products and this has hurt the industry.

He writes:

In no other field is the battle over an internal market likely to have long-term consequences as it is in the Community's belated struggle for a proper place in the development and marketing of a world-class technology. The continuing national divisions constitute comparative marketplace disadvantages of the Community with its principal industrial competitors, the United States and Japan.<sup>8</sup>

Pervading Hackett's discussion of the EC (its history, aspirations and role in the world) is the Community's relationship with the United States. Hackett says the U.S. has gone from being an enthusiastic supporter of European unity in the aftermath of World War II to a disgruntled and confused observer that does not know whether to see the EC as a friend or rival.

*Cautious Revolution* succeeds in several important respects. First, the author provides an excellent summary of how the EC has evolved and how its institutions work. For those wishing to dig deeper, he offers a good bibliography and detailed footnotes. This is one of the better introductions to the EC in print.

Second, Hackett has a shrewd understanding of how the Community has evolved and what kind of initiatives are likely to win approval and shape the EC. He observes that lofty proclamations and stirring calls to arms have often led to nothing, but that incremental, narrow programs have resulted in broader accomplishments that have taken the EC in new directions.

Third, Hackett correctly identifies the 1992 program as the initiative that relaunched the Community after 1985 and as the force that is driving European unity. While it is true that EC leaders are now considering ambitious plans for economic, monetary and political union, these plans would have attracted little support had the Community not taken significant strides toward completing its single market — a task that was begun over thirty years ago but is only now nearing completion.

There are several problems with *Cautious Revolution* that should be mentioned. Most fundamentally, Hackett's depiction of the EC is every bit as cautious as the revolution he purports to describe. Throughout the book Hackett avoids taking clear stands on important issues. While balance and moderation are laudable, Hackett is careful to the point of being evasive. There is no clear argument that guides this book or

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<sup>8</sup> *Id.* at 159.

summarizes Hackett's view of Europe. To the extent that his views become known, it is through indirection and subtle orchestration of narrative. In the end, he seems to hide behind history and flees from judgment. As a result of this omnipresent caution, the weaknesses of this book are ones of omission rather than commission. Although no book of reasonable length can touch on all issues that concern the EC, several that Hackett avoids are crucial.

For example, Hackett never clearly outlines the bitter and continuing battle between the federalist and intergovernmental visions of Europe which have fractured the EC from its beginning. In brief, the federalists call for a tight community of nations that surrender large portions of their sovereignty to a supranational entity. Their goal is something like a United States of Europe. The intergovernmentalists on the other hand call for a looser confederation of nations that retain most of their powers.

The battle between these clashing visions of Europe has shaped the EC for thirty years and has been joined by most of the leading Europeans of this period — from Charles de Gaulle and Jean Monnet to Jacques Delors and Margaret Thatcher. It has been a fascinating, passionate historic struggle and should have been outlined in detail.

Hackett also fails to adequately consider the Community's relationship with the rest of Europe. To be fair to the author, it should be pointed out that this manuscript was written before Germany was fully unified and at a time when events in Eastern Europe and the Soviet Union were very uncertain. Nonetheless, this issue has been hotly debated in the Community for several years. Commission President Jacques Delors outlined a vision of Europe as concentric circles — with the EC at the core, the other nations of Western Europe in a second circle, and the countries of Eastern Europe on the periphery. Hackett makes only glancing reference to this provocative sketch of the future and eschews consideration of the EC's options in this area. This is a serious omission.

Hackett's discussion of the U.S.-EC relationship is provocative, but neither consistent nor convincing. For example, the author is sharply critical of the U.S. inability to view the Community as anything more than a customs union. He writes, "Only in the field of economics — primarily trade but also, in more recent decades, monetary matters — has the United States focused directly and continuously on the Community."<sup>9</sup>

This is a serious charge, certainly worthy of discussion. But it is

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<sup>9</sup> *Id.* at 204.

also a curious one coming from an author who argues repeatedly that only in the economic sphere is the EC fully developed. If Hackett is right on this point, it's not unreasonable that the U.S. views it as primarily a trading bloc. In short, Hackett seems to criticize the U.S. for seeing the EC as it is.

Hackett also weaves around the issue of whether the 1992 plan should be seen as a threat by the U.S. At one point he indicates that it might be helpful in forcing U.S. firms to become more competitive, but he also suggests a single market might ultimately undermine U.S. influence in Europe and its leading role in the world economy. Hackett should be more clear in this issue.

Finally, Hackett overstates U.S. inattention to the EC. He writes, "Since the 1963 Kennedy speeches . . . there does not seem to have been a single high-level policy statement by the United States on the Community except on trade issues."<sup>10</sup> And later he argues, "The Community is not an important political consideration anywhere in our government, despite the concerns directed to 1992, and it should be."<sup>11</sup> Both of these assertions have a kernel of truth to them, but are stated in a categorical way that distracts from Hackett's argument.

Still, even with these weaknesses, *Cautious Revolution* is a strong book, worthy of study and thought.

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<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 210.

