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EUROPE IN THE NINETIES:
Toward a New International Order

THREE SCENARIOS FOR THE FUTURE OF EUROPE

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Premise: Two fateful years

The point of departure for a consideration of the nineties such as that proposed here must begin with reflections on the extraordinary past two years -- two years that will go down in history as having profoundly transformed the international order.

In 1989-90 several historical cycles appeared to come to an end: (i) the postwar division of the international system into two militarily and ideologically opposed blocs and a third, much broader and more densely populated, but strategically less important area (the Third World); (ii) the domination of the European continent by the United States and the Soviet Union as peace-keepers and superpowers since the First World War and the conflict among sovereign nation-states in Europe.

But it is reasonable to wonder whether and to what extent a third and longer cycle may be considered closed, i.e. the nineteenth century evolution of a complex and problematic European order based on sovereign nation-states and their areas of influence, with its inevitable rivalries and creation of still more nation-states, as colonial empires disappeared in a centuries-old vicious circle of conflict.

Historical references are only indicative, however, as there have been irreversible transformations which will prevent history from repeating itself. Some of these transformations must be mentioned here as they are an essential part of any European "architecture" that may be drafted in the near future.

The first of these regards the international pre-eminence of the American superpower. Even if a more active international role is posited for European countries, their renewed centrality in world events seems unlikely -- and is actually undesirable. The US role in the definition and preservation of the European order remains, and in fact appears to be wanted by the Europeans, both Western and Eastern, including the Soviets.

Another transformation is the result of the dominant influence of technology on individuals and society -- from the new means of production, to the techniques for stemming their detrimental effects on the environment. But it is particularly the development in communications, the circulation of information, data-processing and the resulting new approaches to decision-making that have profoundly influenced the national and international political system.

The main advances in social welfare also seem to be irreversible, particularly those in the major industrialized societies, in which they are the fruits of two centuries of

divisiveness and conflict. They are an integral part of every economic and political model for Europe in the nineties.

The consequence of these three transformations has been a tendency toward a decline of ideologies, of global models for society. Those most tightly bound to their survival experienced the most sudden downfall. The collapse of the communist regimes and the abrupt transition from what had seemed to be a monolith to what proved to be a castle in the sand is at once staggering and instructive. These regimes lacked not only popular consensus -- as was well-known --- but also the conviction and dedication of the leadership itself. There is now clearly a rejection of new all-encompassing ideologies, but the alternative is trial and error, with no cultural point of reference.

It should be noted that what has been known as the Third World also lacks its own models. With the end of decolonization, the domestic debate in these societies is polarized around borrowing or rejecting certain characteristics of the Western model of development and of economic and social government.

With the crisis of the major ideologies of the nineteenth century, therefore, it is precisely the industrialized Western societies (where those ideologies had initially been conceived, though never actually applied) that are now once again becoming a sort of "model by default" -- all that remains in the wake of the others. Thus, the West is left to create its own future; however, this does not mean that the West has the sufficient means and capacity to conceive and, therefore, actualize it.

In our societies, the decline in ideology is accompanied by the blurring of traditional political divisions (left and right, socialism and liberalism) and the rise of new groupings around fresh issues, such as the environment, the rights of women and children, the relations among ethnic and racial groups; or such as the definition, dimension and powers of the social community in which one finds oneself or chooses to live.

This affects the political and territorial integrity of the sovereign nation-state, which had seemed to suffer a fatal blow in the tragedy of the Second World War, but which instead survived, albeit with some significant transfer of sovereignty -- by choice in the West, by force in the East. This integrity is put into question at one level by trends toward integration among countries and at a lower level by impulses toward autonomy or even separatism. New political maps are being charted, with variable configurations. Nationalism fuels dissociative forces and works against associative ones. Altiero Spinelli used to say that the truly progressive Europeans were those who fought for integration.

It is against this background that we must consider the two major developments of 1989-90: one sudden, though not unexpected; the other long forecast, but achieved only in close connection with the former -- i.e. the decline of the USSR as the "second superpower" and the emergence of Germany as a central actor in

the new Europe. These developments represent transitions between eras.

All these events have created significant cause for uncertainty in the new Europe.

The first and most serious of these concerns the future of the Soviet Union: a political threat, given the unpredictable consequences of a conflict resulting in disintegration or a return to totalitarianism; an economic threat, given the impact on the world economy of a crisis in production and distribution of a major country and major producer of raw materials; a demographic threat, given the enormous pressure on the West of aspiring emigrants as a result of the manifestation of the political and/or economic threats; finally, and more tangibly, a nuclear threat, given the open questions regarding the possession, command and control of tens of thousands of nuclear warheads in times of crisis.

In comparison, the uncertainties surrounding the former satellite countries seem fewer or less significant, though they can also substantially increase instability and difficulties in Europe. For example, the economic crisis engulfing the major Eastern countries puts pressure on Western Europe and generates expectations. Further to the south, Yugoslavia also poses significant political economic uncertainties. The serious border disputes between these countries, and conflicts within them among linguistic, religious and ethnic minorities must also be taken into consideration. All of these factors may have an exponential effect on the crisis in the Soviet Union.

It may seem unfair to include uncertainties deriving from a unified Germany in this context as it is a prosperous country in that it is hard-working, democratic, and has chosen to be anchored to the European Community and to the Atlantic Alliance. But history puts the irreversibility of this anchorage into question since the European Community has not yet passed its "point of no return" institutionally or politically.

Finally, the Gulf. The widespread consensus against the aggressor constitutes a great success, but at the same time, it is also an element of uncertainty: crisis management places grudgingly accepted limits on the room to manoeuvre of the various actors; and a less than positive outcome of the crisis could put into question the most important elements of consensus, i.e. the renewed value of the UN, the novel understanding between the US and the USSR, and the difficult, but not unsatisfactory European cohesion.

The new nascent order did not even have a chance to define itself before it was tested by the Gulf crisis. It is an exaggeration and a mistake to refer to this test as the first North-South war following the East-West peace; on the other hand, this conflict is unlikely to be recast as just another crisis in this tormented area.

All of these uncertainties have a bearing on the future order of Europe. Experience has shown that times of crisis give rise to nationalistic impulses and so it will be as long as the main instruments of power or of the illusion of power are available at the national level.

The risks and opportunities outlined in the foregoing lead to several important conclusions that are basic to the construction of scenarios made in this report:

(i) With respect to the past, Europe can now make a much more independent choice for its future and particularly for its security system. This is especially the case for Western Europe; Eastern Europe has already undergone its revolution, though it has stopped on the threshold of making international "systemic" choices -- choices which it cannot in fact make, as they still depend on the United States, the Soviet Union, and most of all, on Western Europe.

(ii) There is an important time factor in this context of greater independence, particularly with regard to Western Europe. In the past, the more advanced forms of integration were said to be "premature". The rapid pace of the transformation, the perception that integration regresses if it does not progress, and the weight of the uncertainties outlined in the foregoing suggest that the time available is not unlimited.

(iii) The strategic role of Europe involves an increased involvement in crisis management, including those in the out-of-area, as well as the traditional commitments to defence within NATO.

(iv) Perhaps most important is the need for an integrated security policy, which covers the management of military as well as economic and social sanctions.

(v) The Gulf crisis has reduced, but has not precluded the possibility that Europe may constitute the "locomotive" of the Western economy and, therefore, of the world economy, possibly in tandem with Japan. The United States, while continuing to be a leader in security, is feeling the effects of a decade of an artificially stimulated economy (low taxes, high interest rates).

(vi) One final observation. There is talk of a need for institutions, in terms of both reforming existing institutions, and establishing new ones -- at the local, national, international, and supranational levels. The requests must be managed such that duplications and contradictions are avoided and that the need is fulfilled: the time is ripe.

Based on this premise, the options for Europe may be identified according to three "models" or "scenarios":

A. Balance of Powers

B. Fortress Europe
C. European Protagonist

The International Scenario and Europe

We are witnessing a process of redefinition and reorganization of the international system.

The concept of "West" is fading though its values seem to prevail:

- parliamentary democracy
- market economy
- bill of rights

But are these values enough to guarantee the equilibrium and stability of the new world order?

First of all, they are far from being universally accepted: they are applied or are flourishing primarily in Europe (and in the Americas). And in any case, there are other values which may become part of the Western system, but which also have a strong destructive potential:

- solidarity (with its corollary of more or less strong measures "correcting" the market economy)
- cultural and/or religious identity (seen as distinct from and potentially in conflict with the "Western" identity)
- national identity (with its corollary of nationalism)
- the "ethic" o "teleologic" state

In terms of a model of government of the international system, it can be said that there is an imperfect oligopoly (all oligopolies being imperfect in general) faced with a disintegrating system in transition (in the East) and with a myriad of crisis points (in the Third World).

In order to understand the direction this will take and the scope of the options, it is necessary to analyze the major trends within the area of possible leadership (the West and Japan) -- which is also the area that must take on the role of crisis management -- and its interaction with other areas. Are we moving toward a new set of international relations?

Over the past twenty years, the system of international relations has undergone a continuous series of changes. The bipolar and hegemonic system of the postwar era is giving way to an oligopoly in which the United States and the Soviet Union exert less influence on the new national and regional actors, all of which are capable of individual opposition to certain constraints, though none can actually afford to eschew international cooperation in an attempt to achieve gains at the domestic level.

This transition from hegemony to oligopoly began in the

West. The first sign was the 1971 decision of then US president Nixon for unilateral withdrawal from the Bretton Woods system; the institutionalization of the Western oligopoly followed a few years later, in 1975, with the beginning of summit meetings of the Seven and the surprising (at least, at the time) inclusion of Japan.

This process of readjustment is also underway in the former Eastern bloc. Here again, the superpower has decided not to exert its hegemonic role, leaving its partners free to choose a different form of cooperation. In this case, however, the consequences of the declining hegemony has resulted in the disintegration of the system, rather than in an alternative, balanced model of cooperation.

Therefore, the main point of reference for integration is the Western model, particularly that of Western Europe.

And it is precisely Europe that is the starting point for this process of "reconstruction". It is from here that the process will begin which will lead to the redefinition of relations with other areas of the world. This does not imply that it will determine the model to be adopted; that the process begins here is a product of the times.

But a Eurocentric or regional vision of European interests is too limited. It can serve only as a point of departure. International relations are much more complex and any theory must take that into account. From this point of view, the contraposition of East and South is an artificial construct. It is true that Western Europe is providing ad hoc mechanisms and financing for the East, e.g. the European Bank for Reconstruction and Development (EBRD) and a fifty per cent increase in the funds of the EIB. But even though the Community appears to be focussing on the East in the short term, concentrating resources and mechanisms on the development of an area geographically proximate and with great economic potential, it does not mean the automatic exclusion of other areas of interest, or of the Mediterranean, in particular.

The Mediterranean has always represented at least three potentially enormous risks for Europe: a new Middle Eastern crisis; the reduction of energy supplies; and intense demographic pressure. These are all excellent reasons for not allowing dialogue on relations with the Mediterranean region to lapse, and for improving the mechanisms for economic cooperation and stabilization, as well as for extending the debate on European security to the Mediterranean.

If these are indications of traditional, though somewhat innovative, Community relations with its surrounding areas, they may also have positive effects on relations with other regions in the world.

Account must first be taken of the European commitment to achieving the 1992 internal market. The impact of 1992 on third

countries may be seen from two points of view. (i) The first, which originated in North America, is that of a "European fortress": a Community turned inward, protectionist and determined above all else to complete its internal process of "deepening". This view is being disclaimed by the Americans themselves as they establish firms and financial centres in Europe that will benefit from the extensive freedom of movement that guaranteed by 1992. (ii) The opposing view is that not only will 1992 not represent a fortress, it will allow for savings of a wide range of expenses with the elimination of barriers, the reduction of tariffs, and double taxation. It is estimated that the savings for Europe could amount to approximately 1% of the Community gross domestic product. These resources could be redirected to development and economic cooperation with third countries.

Another consideration regards Eastern countries and their future role in cooperation policy. Clearly, much of the aid originating from this area is bound to end in the immediate term, directly affecting certain Third World countries. In any case, most of the transfers from the East were in arms and indirect support for defence, and it must be noted that contributions in manufactures and financing have always been most inadequate. A relaunching of the economies of these countries, however, could stimulate imports of raw materials and agricultural products from the Third World. The EC Commission has forecast a net increase of cocoa and banana imports. Thus, the effect of the transformation of the East on policies of development cooperation remains to be seen. Certainly, the end result will not necessarily be negative; rather, the decrease in East-West tensions will definitely have a positive effect. The mere fact that ideological disputes with the East do not automatically become part of every regional and local conflict is in itself a mitigating element in crises.

This situation of international detente ultimately leads to a reclassification of the relative importance of the instruments that governed international relations in the past. The military instrument is no longer the primary means of managing international affairs -- or at least not the exclusive and determining factor; rather, what is increasingly becoming central to the future international equilibrium is the skillful use of economic policies. If this trend is consolidated in the evolution of the international system in the coming months and years, the European Community, as an essentially "civilian" power, will play an increasingly important role and will not, therefore, be able to eschew a regulatory role in international equilibria. If the Community delegated its military and security policies to external powers in the past, it will not be able to ignore the economic responsibilities it will have in the future as a major international actor. This will lead to an acceleration of its aid and development policies.

In the reformulation of international relations, the areas of integration will have an increasing role for the simple reason that in light of interdependence which is rapidly extending to

the East (in areas in which it had seemed nonexistent), it will be necessary to substitute the competitive and hegemonic bipolar systems with an oligopolistic cooperation that is increasingly differentiated according to geo-economic areas. The management of this new system, with its multitude of new actors, will certainly be more complex, and the risk of disintegration through nationalism will be greater than in the past. It is therefore necessary to try to simplify future international relations as much as possible by reducing the number of protagonists. This leads to the importance of relations between integrated groups of countries and regions within a situation of relative equilibrium in order to achieve the optimum management of reciprocal interests. Community Europe has already taken a definite step in this direction. It is now up to the other regions to follow the example set by the EC, taking advantage of its experience and potential. Thus, dialogue with the Community must be furthered and used as an external factor in the acceleration of the processes of sub-regional integration.

The first major choice that we are faced with, therefore, is either a balanced and accountable international system (with a hegemon country or a system of government for crisis management), or an unbalanced and conflictual international system (with no means for crisis management).

The Western System and Regionalization

We are witnessing the end of the consolidating effect of the Soviet threat and the rise of major economic/non-military powers ("lame powers").

Asymmetries have become evident among the powers that gradually asserted themselves in the West during in the fifty years following the Second World War. They were brought into sharp focus by the Gulf crisis in August 1990. The United States has proved to be the only country capable of projecting itself as a significant power, but at the same time it has had to ask its allies to share the cost of the operation. On the other hand, the two most economically sound countries in the West, Germany and Japan, has not intervened with military force, thus intrinsically limiting the use and projection of their forces (this was also an issue for Italy).

Therefore there is now a highly structured Western group with institutions for cooperation, but it is suffering from a particular weakness: its hierarchical organization is not based on an adequate division of instruments of power. Economic giants continue to be afflicted with military dwarfism, while the military giant shows symptoms of economic dwarfism. This clearly makes political relations among members of the West delicate and difficult, as they lack a complete and ordered legitimation, i.e. a stable hierarchy.

Thus, a difficult future lies ahead. The Western system cannot rectify its asymmetries in a short time. The restoration

of a Western world that is protected by a strong American hegemony is inconceivable, and is probably not even desirable. Similarly, it is neither desirable nor realistic to posit the acquisition of a military power by Germany and Japan, which together with their economic power, would enable them to present themselves as hegemonic powers. Consequently, the Western system faces a precise challenge in the next decade: that of establishing a system which is even more consolidated and institutionalized, capable of offering the international "public goods" that until now have been made available by the hegemonic power of the United States.

The economic disparities that have long characterized the Western system have assumed the form of an oligopoly within which the United States continues to be the most important actor -- though not the decisive one, as it is conditioned by the power of the other actors. An oligopoly is a regime with conflictual as well as cooperative elements, capable of restoring a certain stability to the system in the immediate term, but tending toward instability in the long term. It has been this mix of cooperation and conflict, stability and instability that has marked the Western system in the last twenty-five years.

This type of relationship has now been brought into question by several important changes: the difficult transition of the socialist economies toward the market economy; the differentiation of the Third World into countries that are ready to become integrated into international competition and vast areas of poverty and disparity; the weakness of the US economy, with debts at all levels and inadequate productivity.

The weakness of the US economy casts doubt on the adequateness of the definition of the Western system as an oligopoly. The crumbling of the oligopoly, together with the other transformations in socialist and Third World countries also puts into question the supremacy of this oligopoly within the international economic system. How will the Western system adapt to these multiple transformations?

The key issue is that of greater responsibility for emerging countries and groups of countries. Since these countries or groups of countries cannot simply take over the role of the United States, becoming new hegemons in the same type of system, they will have to take on greater weight and responsibility through a redistribution of roles at the regional or geopolitical level. In part, this has already been the case, for example, in Community commitments to Africa and the Mediterranean. But these interregional relations are still peripheral with respect to the fundamental structure of the Western and international orders. A more definite organization of "special responsibilities" would have the effect of turning the division of labour into something more than what is now a paradigm for cooperation: it would become a structural element of international cooperation. The way in which these "special responsibilities" will be fulfilled is, therefore, of the utmost importance in determining whether the Western system is moving toward greater cooperation or increased

conflict.

The impetus for "regionalization" already exists, though trends differ: there is regionalization of areas with different levels of development, i.e. "interregional integration, which has always been accused of being a new form of the old concept of "area of influence", typical examples being US/Latin America, EC/Africa, Japan/Southeast Asia and the Pacific Rim; there is also regionalization of areas with equal levels of development, e.g. the European Community. The main difference, however, continues to be that between areas which are discriminatory and those which are not, since the various associations of countries aimed at increasing integration among them without discriminating against the membership of other countries are recognized as legitimate and useful elements of international cooperation.

The trends toward integration currently underway involve increased regionalization of areas with equal levels of development: the completion of the single market in the European Community; prospects for integration between the Community and EFTA; the free trade agreement between the US and Canada; the creation of preferential monetary zones. The European Community has a leading role in the move in this direction. These trends toward integration among industrialized countries are accompanied by corollary or parallel efforts for "inter-regional" integration, which, with important exceptions (e.g. the US presence in the Middle East) take the form of the old areas of influence. Here again, the European Community seems particularly active, with respect to the Mediterranean and Africa, as well as with respect to Eastern Europe.

There is a potential for these trends to become discriminatory, just as areas which are protected may actually become areas of influence in the traditional sense. This potential exists for various reasons:

(i) The concentration of industrial integration of a specific area, as is the case in the Community with the completion of the single market, could result in a de facto advantage for trade within the area. The potential protectionism of "Fortress Europe" lies not in its walls -- which do not exist, or which would not be built in any case -- but in its inward focus.

(ii) Relations between areas at different stages of development, particularly when large markets and access to raw materials are at stake as in the Soviet Union and the Middle East, are prone to becoming preferential relations, involving discriminatory practices.

(iii) The establishment of preferential monetary zones, which would surely be stimulated by the creation of the European Monetary Union, could -- given an appropriate exchange rate -- give rise to new forms of protectionism in large areas and encourage their growth and reinforcement through strong monetary options virtually mandatory for the

less developed countries. The creation of areas that are inclined to be closed could be reinforced if the main special responsibilities to be assumed by certain countries and groups (e.g. Japan, Germany, the European Community) take on a nationalistic or protectionist orientation.

The problem of the future, therefore, is that of establishing the right balance between geopolitical structures (regionalism, special responsibilities) and global structures. If the trend toward regionalism and the special responsibilities to be assumed by emerging countries and groups take on protectionist characteristics, or actually crystallize into areas of influence, the international system would be one of sharp conflict. If regionalization and the assumption of special responsibilities continue to be compatible with the globalism from which they evolve, the transition from hegemony and oligopoly to more balanced and stable forms of international cooperation would be guaranteed.

The road toward a new international cooperation is that of judicious and broad institutional development. The reinforcement of Western institutions continues to be the crucial element because it will ultimately be the Western countries which will have to assume the necessary special responsibilities, and at the same time it is these countries which have the potential for the greatest competition. Their institutions will have to be able to anchor them firmly to globalism, while allowing consensus on the management of special and regional responsibilities. In addition to the Western institutions, international institutions will also have to take on greater weight. The mandate of the latter is facilitated by the attenuation of the great East-West conflict. But international institutions can only realize their full capacity for operational and political effectiveness if certain institutions which are currently exclusively Western, e.g. OECD, begin to be significantly enlarged.

There are many possible ways to ensure such developments. Several of these are outlined below:

A. the reinforcement of the system of crisis management of the Security Council of the United Nations;

B. the augmentation of certain mechanisms of macro-economic and financial management;

C. the operational and political linking of the competencies currently held by GATT and IMF (goods and currencies) through summits, but with greater guarantees for continuity and effectiveness;

D. coordination of the main macro-economic regulators and trends toward regional aggregation and integration so as to favour the latter (these are positive trends from the point of view of security and economic development of the countries involved), without creating further negative distortions in the global system;

E. development, enhancement of the OECD with a view to managing major macro-economic problems, guiding the main development trends and, in particular, progressively enlarging its current oligopolistic structure to include new members.

Europe

It is within this international framework and the perspective of these great alternatives that European choices must be made. As indicated in the premise, the options for Europe can be grouped according to three models:

A. balance of power
B. fortress Europe
C. European protagonist

These alternatives are all within a new pan-European system of relations, i.e. a new relationship with the USSR and Eastern Europe, but primarily concern Western Europe. Though various systems of organization of the new pan-European relations may be envisioned, the pivotal choice to be made is that of the three models listed above, as it is these models which in the final analysis will also determine the nature of the pan-European system and its potential. The converse is also true, i.e. the pan-European situation may also influence the choice of one model over another; however, such influence is on a decision that in any case lies with Western Europe, and that once taken will determine the nature of the pan-European system.

The entire process of European integration since the end of the Second World War has had to deal with security issues -- from the containment of Germany (Brussels Treaty and its follow-ups), through the complex history of colonial conflicts to the East-West confrontation (North Atlantic Treaty) and, later, European involvement in regional wars (e.g Suez, Falklands): the forms of European cooperation and European participation in the international context, including both political and economic decisions, have largely been conditioned by these security factors.

Issues such as burden-sharing, or the Mediterranean (and the related policy of out-of-area crisis management), require a greater European commitment in the field of defence and security. But even solutions to problems such as German centrality and the "common European house", or the Europeanization of French military strategy imply at least the capacity for establishing a common policy in the field of security and an agreement in principle on the main lines of a European "grand strategy".

Every European model must take account of a fundamental alternative:

- a continued presence of the US commitment in Europe (and, therefore, a substantial American leadership in security,

which is also reflected in the economy)

- a withdrawal of the US presence from Europe, or at least a substantial US unwillingness to assume a leadership role.

The first of these would lead to the least drastic choices because it would essentially call for the continuation of the existing model, though with some possible modifications (the most interesting of these is the so-called European pillar of the Atlantic Alliance).

The second alternative, on the other hand, requires more complex considerations and could lead either to a "pan-European" security model, or to a model of European integration which would not include the US. These two models remain rather undefined (and could only become more concrete in the case of a significant acceleration of the political and economic processes of European integration -- which would lead to a formalized transfer of responsibility for defence from the US to Europe.

This having been said, the following will examine each of the three models in detail, considering their relative advantages, feasibility and limitations.

A. Balance of Power

This model, reflects a dual, somewhat contradictory reality.

It is based on the process of "renationalization" of several options now being deliberated in multilateral and/or integrated fora, particularly those in the military arena. Though economic and trade policies will continue to be the competence of the Community, approfondissement will be hampered by the failure to extend integration to the area of foreign and security policy, as well as by the accelerated entrance of new members, particularly that of the currently neutral countries.

The European system will thus be based on a series of "preferential" bilateral or multilateral political axes. These axes will, as indicated in the premise of this paper, have to come to terms with the continued US and Soviet presence in Europe, both of which will also tend to establish alliances and preferential axes. (The reference here is to the USSR, though it may be replaced by a successor state, such as the new Russia).

To counterbalance the united Germany, Paris may form an alliance with Moscow. Washington has two options: the establishment of a "central" preferential axis with Germany, based on the proven framework of NATO; or the creation of peripheric (or maritime) alliances with Great Britain and France (and therefore also with the USSR, replicating the anti-nazi formation), or with Great Britain, Spain, Italy, etc. Germany will seek allies among countries with which it has economic ties -- close neighbours, as well as distant countries, such as Japan.

Alternatively, there could be a Berlin-Moscow axis, which would be a strong combination of a the complementary advantages of a solely economic power and those of an exclusively military one. In response to the formation of such an axis, there would be a reinforcement of the traditional ties linking Washington, Paris and London, with Madrid and, possibly, Rome as secondary additions. Japan would have the option of joining either of these axes.

A third possibility, that of the preferential axis of France and Germany, is not discussed here as it is likely that it would be accompanied by a reinforcement of the Community, thus falling under one of the other two models considered in this paper, i.e. Fortress Europe and European Protagonist.

The result of such a process is that Europe would have to choose between serving the interests of others to a significant extent, and little internal cohesion ("Open Europe"), a relatively passive actor in the evolution of the international system, relying on the preservation of the security framework guaranteed by its alliance with the United States.

This model is consistent with the multiplicity of national European interests, which are difficult to reconcile, and with the reluctance generally demonstrated by the majority of West European countries in assuming their share of costs and responsibilities associated with international security. It may be claimed that the current situation involving a relatively "irresponsible" Europe is sufficiently consistent with its real economic, political and security interests, whereas any other alternative involving a greater commitment would involve huge expenses and would probably also put the framework of stability and security at risk (at least in the short term).

A positive effect of this model is that it would particularly facilitate dialoque with Eastern Europe, as well as any type of "pan-European" structure (from the "common European house, to the reinforcement of the CSCE, to EC enlargement to the East) in a relatively short time.

On the other hand, it must also be noted that within the space of a few months, many of the key conditions underlying the process of detente and disarmament in Europe changed, or were eliminated. There is no longer a symmetrical relationship between the two alliances; the stability of the Eastern bloc has been compromised; the withdrawal of the USSR from Eastern Europe will be greatly accelerated and more complete than what would have been predicted only several months ago, the division of Germany and the "Iron Curtain" no longer exist and the Soviet Union is experiencing a difficult period of internal adjustment.

In such a situation, it is difficult to imagine multilateral agreements or East-West negotiations that would amount to more than useful safety belts, necessary to usher in change with the minimum risk, but unable to exert a significant influence on its direction.

This also raises doubts about the scope of instruments such as agreements, axes or bilateral alliances conceived according to rationales and requirements that have become at least partly obsolete. Basing the future of European security on a multilateral system of mutual guarantees (developing from the CSCE), for example, would mean taking for granted a premise that is far from being a foregone conclusion, i.e. the rapid and definitive stabilization of the new East-West European framework.

On the other hand, the absence of such stabilization could, in this model, lead to a marked trend toward nationalism also in the military arena (along the lines of the previously mentioned "renationalization" of defence interests), which could even lead to renewed nuclear proliferation in Europe (German bomb, Italian bomb etc.), possibly even with the justification of having to "respond" to threats originating in the Third World which are qualitatively greater than existing threats.

Any system of multilateral guarantees is only as credible as the stability of its member countries and the power relationships among them. In Europe, however, the system would have to manage the relationship between two nuclear superpowers, one of which is on the opposite side of the ocean, and the other of which is in the midst of a domestic crisis; two other nuclear powers that are experiencing a relative decline; an economic superpower enjoying a period of renewed vigour, but facing the problem of redefining its international status; and a myriad of other powers with diverse domestic and international problems and perceptions. To think that such a system would not disintegrate into a series of sub-alliances and fragile systems of counter-assurances is rather optimistic.

Fragmentation would in all likelihood be fostered by out-of-area crises which, under the cover of recycled solutions guaranteed by "major countries", would actually probably result in increased rivalries among the "preferential axes".

Similar considerations may be made regarding the type of integration possible between this European model and the international economic system: if, on one hand a relatively "open" model of Europe could be perfectly compatible with a non-protectionist economic system, on the other hand the need to increase elements of national power would probably also lead to trends toward protectionist measures. There would therefore be significant latent tension between the requirements of individual national actors and those of the real "defenders" of such a system. The latter may attempt to impose non-protectionist measures on Europe that could be perceived as detrimental or counterproductive.

It is difficult to respond to the main "appeals" for economic aid and social and political stability in the East on the basis of bilateral relations, both because such relations do not garner sufficient resources, and because they could give rise to rivalries, suspect "counter-guarantees", etc. In any case,

therefore, the problem arises of reinforcing multilateral structures for aid (e.g. the Bank for Eastern Europe).

Furthermore, it is justifiable to question the extent to which this "Open Europe" may allow itself to be receptive to the problems of the Mediterranean, in particular, and to the South, in general, which also appeal for equally substantial economic aid and which exert strong demographic pressure.

The main limitations of this scenario, therefore, lie in the contradictions between the balance of power and the capacity for decision-making, and in its dependence on external elements. In fact, it is less dependent on European orientations than on the orientations and decisions of the superpowers, and (to a lower degree) on what happens in the rest of the world. Thus, Europe would not stand to gain from a more independent status.

B. Fortress Europe

This is a markedly protectionist and closed option, which combines the protection of the European internal market with increased independence in European security.

Fortress Europe represents an essentially defensive reaction to the changes in the international framework, and takes for granted decreasing confidence in the long-term survival of the Atlantic Alliance (in the area of security) and in the global instruments governing the macro-economy (trade, monetary issues, etc.). Given this situation, Europe would have a rather protectionist reaction, with the relative adjustments in political and security mechanisms.

This scenario could evolve from a reinforcement of the Franco-German axis and from Community institutions, in the economic, political and military fields. It is difficult to imagine that such a model, which is essentially contradictory to the liberist model and to the long-term trade interests of European economy and society, would be the natural preference of Europe, or of Germany, in particular. It is, however, conceivable that it would be adopted in response to external incentives to move in that direction.

Examples include a crisis within GATT and the outbreak of a trade war; a breakdown in the debate on burdensharing, or on the new forms that allied nuclear deterrence should take could result in the conditions leading to such a choice. Thus, it would be accelerated and even preferred under more chaotic and fragmented conditions (or even civil war) in the East. NATO does not have any useful instruments of intervention in such a situation at present, and may not even be able to offer any satisfactory guarantees against it in the future.

Another motivation to adopt the model of Fortress Europe could be that in an international economic environment characterized by conflict, Europe would need to be selective in its aid to the Third World, which may be expected to exert strong

demographic pressure. The latter, together with pressure from the East, would require protectionist measures which are likely to be quite severe.

The greatest advantage of this model lies in the possibility of organizing a better, more coherent and substantial "European response" to the unsystematic and urgent appeals for aid originating in the South and in the East, without running the risk of being undermined or fragmented, which is inherent to the preceding model.

A European Fortress could usefully serve as a basis for the construction of a coherent multipolar balance, in which the economic oligopoly would be complemented by a similar oligopoly in the field of security. If accompanied by the reinforcement of international organizations such as the United Nations (in which the EC would be represented in the Security Council) and possibly also by appropriate alliances with the US and/or the USSR (or with its "successor state"), this model would also have the not insignificant advantage of resisting dangerous forms of nuclear proliferation and the creation of new nationalistic instabilities.

But it could also generate problems of a balance of power at the European level, compelling the two superpowers to revive the framework of duopoly and to contain Fortress Europe. The latter would be forced to consider it necessary to develop its own nuclear capability, thus making the multipolar balance unstable and fostering similar temptations in the Southern hemisphere.

The participation of Fortress Europe in the international economic system would have many "discriminatory" characteristics and a tendency toward creating "spheres of economic influence". In this sense, it may be considered a conflictual model. But even so, it could be accompanied by policies which are less disruptive than those of the preceding model, actually allowing for a balanced management of the global system. Everything depends on the reconciliation of the tensions resulting from greater closure, on one hand, and the greater capacity to mobilize resources for effective intervention, on the other.

The greatest limitation of this model lies in the difficulty of building a sufficiently powerful and coherent European system in a short time and under the influence of a series of disparate pressures that will probably tend to divide the various European countries from one another. This is particularly true in the case of the peripheral countries of Europe, which would be drawn to alternative external alliances. Under confused and clearly unstable conditions, the construction of Fortress Europe would probably be overcome by the defensive, nationalistic reaction of individual European countries motivated by their various relative vulnerabilities at the international level.

Thus, Fortress Europe should secure all its instruments of power as quickly as possible: if it does not, it will end up

"exposed" to the expectations and fears that its establishment would generate. The risk, therefore, is that such a model would ultimately create sub-movements (and threats) which it would neither be capable of containing, nor managing, at least for a long initial period. A kind of "sorcerer's apprentice".

The result could thus be much less than both the expectations and the fears that such a model would elicit.

C. European Protagonist

This model requires an active role, in which elements of increased integration are combined with a multilateral international policy -- a sort of European "grand strategy", which is aimed at increasing the possibility of managing the global situation, and which is therefore also clearly "non-discriminatory".

European Protagonist focuses on a progressive and orderly increase in European integration in various fields, including the formulation of several common security directions and the identification of instruments and policies that may be used to pursue them. This scenario is compatible with several of the pressures and requirements addressed by the preceding scenarios. While not claiming to replace the current security framework with a new one (as in the case of Fortress Europe), unlike the model of the Balance of Powers, it does not involve an entirely passive role, and tends toward a gradually greater European presence within the framework of an increased articulation of the current global "oligopoly".

Its main problem is its timeframe and its interaction with the moves of other international actors. The process of European coordination and integration has proved to be slow and difficult. The hierarchical and oligopolistic nature of the international system, on the other hand, rewards quick decisions and their effective implementation.

This model suggests a simpler, evolutionary solution to the international problems faced by Europe, i.e. the acceleration and deepening of West European integration, as has already been repeatedly expressed by various European governments and summits, as well as by the Atlantic Alliance at the London summit. But the problem is one of agreeing on the timeframe and on the way to achieve this. Four different processes must be harmonized:

1. the process of West European integration,
2. the process of evolutionary transformation of NATO, such that it preserves the positive effects of the US presence in Europe,
3. the process of construction of a multilateral system of European security, so as to contain the destabilizing forces in the East,
4. managing the proliferation of conflicts in the South

The vast scope and complexity of the problems of global management require a strong capacity for "linkage" of the various political, economic and military spheres: in sum, it requires the capacity for formulating and implementing a European "grand strategy" and, therefore, also an effective capacity for government (as an element of coordination and merging of the various policies), as well as a strong political legitimacy of the system as a whole. This means that a European Protagonist must be capable of addressing complex problems such as out-of-area crisis management, monetary policy, policy of resource allocation, etc. A centre of government may be incomplete and "unbalanced" (i.e. it may have many competencies in one sector and few in another), but it must always have a general capacity to operate in the field of security.

European integration, on the other hand, has so far developed a multiplicity of institutions and competencies which lack precisely this key role of strategic decision. The problem, therefore, seems to be that of bringing under a single institution all policy decisions so as to coordinate the large number of institutions directly or indirectly involved in European policy.

What happens today is that everyone does a bit of everything and that the same ministries and officials (or industries) participate in the most diverse institutional fora and address the same issues in each, in the absence of a structure in which a decision can ultimately be taken. The process lacks a "decision-making focus, while it has disproportionately expanded at the concertation and consultation levels.

The attempts that have been made to develop such a focus have essentially raised the level at which decisions are made (e.g. in the context of the EC, the institution of the European Council; in the macro-economic context, the regular summit meetings of the Seven). But summits cannot entirely take the place of a permanent and complex decision-making mechanism.

This kind of a mechanism now exists, albeit in an embryonic form, within the EC (Commission, Council of Ministers, Committee of Permanent Representatives, and the EPC Secretariat), although it does not always work the way it should and tends to delegate too many decisions to the highest level of the European Council. It also exists to some extent in the Atlantic Alliance, particularly at the military level, within integrated Commands and thanks to the decisive weight of the US presence, but it does not seem to function to its full capacity in either the Atlantic Secretariat or in the many committees at the Atlantic or European levels. In the other bodies, such a mechanism either does not exist or is not effective.

Furthermore, to the extent that this mechanism exits -- with the exception of the EC Commission (which is a multilateral structure with supranational characteristics), it is based on decision-making structures at the ministerial level of individual

member states (directors of political affairs in foreign ministries, defence general staffs and, in some cases, on national armaments directors). As a result, domestic problems influence the international level, making this model similar to that of the Balance of Powers and the "renationalization" of European policy.

For example, the defence general staffs do not have control (or at least not full control) of the general staffs of individual armed services and national armaments directors have to comply with the decisional power of the chiefs of the various armed services. Similarly, the directors of political affairs of foreign ministries have to comply with domestic decision-making processes; thus they have no more power than any other ministers. This problem is addressed to some degree only in the EC since the Committee of Permanent Representatives of this institution has an interministerial dimension, and all major European countries have a mechanism for interministerial coordination, or even ministers appointed specifically to coordinate Community policies. Nevertheless, problems still exist.

The advantage of the summit mechanism lies largely in that it has more internal authority than the heads of the executive have in their respective governments. The creation of "personal representatives" of the heads of the executive (which, in the case of the summits of the Seven, are called "sherpa", who use the existing network of communication among foreign ministers, has reinforced this structure to some degree, but it has also accentuated its "summitry" and, therefore, its tendency toward leaving questions of detail undecided while concentrating on the "great political issues".

The success or failure of the model of a European Protagonist thus seems to lie in its capacity to develop a intermediate decision-making mechanism which is essentially European, together with the political will of individual governments.

The limits of an exclusively intergovernmental cooperation must be stressed. The diverse national interests and perceptions is a well-known fact which may have a paralyzing effect and may be reinforced by the many alternative consultation processes, thus hampering or distorting decisions. The competition between the various international institutions has the same effect.

The solution to this problem is twofold. On one hand, it is necessary to unify the institutions, on the other hand, it is necessary to develop and reinforce the supranational powers of a European decision-making body so as to represent common interests.
This is the case of the EC framework and one which has been the most successful; however, the EC is also the body which has encountered the most resistance. The solution does not lie in ignoring this problem, but in approaching it with a consensual strategy that may offer the greatest potential for success.

This model has become more complex and has also been somewhat accelerated by the collapse of the political and security system of the Warsaw Pact, which has increased the necessity of initiatives to be taken in a European Protagonist model -- even if this collapse has contributed to increasing the security of Western Europe today. This leads to the German Question.

In this scenario, as in that of Fortress Europe, the attempt is that of reinforcing German ties with Europe, but does not limit German economic policy beyond the Community.

While not offering a solution in the short-term to the question of the enlargement of the Community (as in the case of the balance of power model), this model is still capable of guiding and shaping the process of transformation underway in the East, thus fostering the emergence of these countries from their current economic crisis, without sacrificing their increased political pluralism; at the same time, this model may be able to guarantee the USSR an effective control of the unilateral and destabilizing processes in the East. This would, however, also require greater international cooperation.

In sum, this scenario, more than the previous two, should not only be compatible, but also in synergy with the continued US presence in Europe and with increased relations with Eastern Europe. It may be said that it allows for a European"architecture" based on three ellipses one within the other and reciprocally interactive: (i) West European integration (EC and, for now, WEU); (ii) the Atlantic system (NATO and to some extent G-7); (iii) CSCE. The ellipse is chosen instead of the circle because the former has more than one centre.

The other sub-regional entities have a sort of interim role, or, as Italian foreign minister Gianni De Michelis has said in reference to the Pentagonale, "biodegradable" with respect to the main architecture. This is not to say, however, that they are not useful or important; on the contrary, they would be functional in this scenario, while they may very well be suppressed in a Fortress Europe scenario, or rendered useless by a Balance of Powers model. In a European Protagonist model, it would be particularly useful if some form of economic sub-regional integration were formed among Poland, Czechoslovakia and Hungary, following the proposal made by President Havel, which was unfortunately shelved because of many unfounded negative and prejudicial reactions.

The formulation of a new kind of Community Association Agreement, which would be broader that the present ones, so as to include, but not automatically imply eventual EC membership of the associated country, is imperative for Brussels and for its member states. Such an association agreement should also be designed so as to encourage the formation of sub-regional integrations and to link the Mediterranean countries to Europe, which would be of particular interest to Southern EC countries, especially Italy.

The weaknesses of this scenario are apparent: the complexity of institutional reforms to be achieved; the difficulty of harmonizing the tempo of "deepening" with that of Eastern and Southern crises and with the request of enlarging the Community; and most important, the difficulty of sustaining the political consensus of the major European countries for the required period.

The chances for success of this model would increase if a decision for a more coherent and constant application Spinelli's principle of "subsidiarity" were taken, and if the EC were to become more central with respect to the other European institutions, thus taking over the principle competencies (e.g. the Italian proposal on the WEU and the EC).

This model, however, would still be subject to strong internal tensions which could transform it either into a simple "balance of powers", or a more complex "Fortress Europe" model. While both these models have clearly defined decision-making centres, a European Protagonist model is the only one with a complex decision-making system composed of many different levels.

Italy

Postwar Italy has enjoyed certain significant long-standing advantages which explain, at least in part, its relative strong and weak points.

First, it did not have to defend a colonial empire or give it up after much bloodshed; it did not experience the anguish of the French or the British, nor that of the Dutch, Portuguese or Spanish in the postwar years.

Second, its territorial contiguity with the Warsaw Pact was soon lost: the withdrawal of Yugoslavia and Albania from the Warsaw Pact and the departure of Russian troops from Austria offered Italy -- which did not have to make any effort of its own -- a precious strategic buffer that prevented it from being in the dramatic geostrategic position of the FRG, and even averted the complex problems of defence faced by Norway, Greece, or Turkey. On the other hand, it was precisely the extension of the Atlantic Alliance to Greece and Turkey (in 1952) and the continuous, important and reiterated US military commitment to the security of Israel which guaranteed Italy a continued strategic cover in the Middle East and in its lanes of communication for almost forty years, thus distancing it from the forward defence against of the potential threat from the South and the Southeast.

The evolution of the international framework therefore helped Italy significantly, fostering a general perception of a lack of threat, or at least a remote one.

At the same time, however, Italy also had to undergo a

difficult process of reintegration into the international and European political systems. It had not been split in half, as had Germany, nor had it been jointly occupied by the victorious powers and then made neutral, as had Austria. It had immediately overcome the political isolation of dictatorship and fascism, which was to continue for decades in Spain and Portugal, and it did not experience the horrors of civil war which stained Greece with blood. Nevertheless, it remained relatively marginal on the international stage for several years, excluded from the United Nations, and absorbed with the reconstruction not only of its economy, but also (and above all) of its institutions.

A. Foreign Policy and Major Fundamental Choices

Italian postwar foreign policy was gradually able to overcome initial disadvantages and secure the full integration of the country into the Western world and into Europe. This was possible as a result of a "choice of sides", which was only marginally justified by the international and strategic position of the country, but which was to have a profound affect on both the domestic situation (political and economic) and the international scene. This choice has been thoroughly debated and described (during, among other occasions, two previous conferences organized by the Istituto Affari Internazionali on Italian foreign policy in 1966 and in 1976).

Italy's postwar choices (from the "major" decisions associated with the establishment of the first European Community and membership in the Atlantic Alliance, to decisions which were relatively "minor" in comparison but which, like those on membership in the EMS and the installation of Euromissiles, followed from the "major" ones) played an important role in shaping the domestic policy decisions in the country.

These choices effectively separated the "majority" from the "opposition" on the basis of political decisions which were of primary importance, but which did not concern the constitutional framework of the country (the latter, on the other hand, was the basis for the antifascist alliance among parties of the so-called "constitutional camp"). Thus, Italy affirmed itself as a part of the Western bloc without undergoing civil war or crisis of regime.

Italy has an "eccentric" geostrategic position in Europe, bordering on the Mediterranean, which could serve as justification for decisions of a different nature -- not necessarily anti-Western, but not really aligned with European decisions, or in any case furthering a different policy of national presence in the region.

Such a policy could have been compatible with membership in the Atlantic Alliance and NATO, accentuating bilateral ties between Italy and the United States, and reducing the importance of ties with the other major European countries. Thus, this represented an significant choice for Italy as demonstrated by the domestic debate on the formulation of the "European option"

as opposed to the "Mediterranean option".

Many forces were working in the direction of the Mediterranean option: the widespread pacifist sentiment in the country; the nationalistic reaction against certain clauses of the Peace Treaty; the difficult relations (at least at the beginning) with the two major European powers that had won the war (France and Great Britain); strong protectionist tendencies in the industrial private sector; a sort of "national" policy in the industrial public sector; the desire to establish closer relations with the USSR, for trade as well as for domestic political reasons.

The political decision of the government majority, on the other hand, was clearly contrary to this option, indicating an international "grand strategy" which aimed toward the most complete and rapid integration possible of the country into Europe in particular and not just in the West. The decision (at times accused of being wishful thinking) to join the ECSC and later the EDC and the European Common Market marked the major new watershed in Italian politics and constituted the underpinnings of subsequent economic choices.

But while the move toward Europe was initially perceived by the opposition as being equivalent to an orientation toward the Atlantic (a sort of corollary), it actually proved to be of crucial importance in regaining a general internal consensus that would embrace foreign as well as domestic policy.

This process was completed in 1976 (a few months after the IAI conference on Italian foreign policy mentioned earlier in this paper), when the Italian Parliament virtually unanimously approved two motions in which the opposition accepted the fundamental international policy choices made by the majority in the previous years. But the road toward this decision had been paved by Europe. First the Socialists, in the early 1960s, and later the Communists, in the early 1970s, became "Europeanists" and only subsequently (and in the case of the Communists, still with many ambiguities) did they also accept the Atlantic security framework.

Thus, in the last twenty years, Italy's move toward Europe has complemented its postwar institutional choices and extended its general domestic consensus to at least one of the main guiding principles of its international policy: the choice between Europe and the Mediterranean was clearly made in favour of Europe.

This is in keeping with the substantial growth of the country (which has become one of the seven major industrialized powers), and with the fact that in recent years barriers have been eliminated that could have excluded it from the major international associations and from the process of European integration. Italy's international status is no longer in question. Any future crisis of "isolation" or "discrimination" which would challenge Italy's position and role will not be the

result of external causes, but of misguided domestic decisions and independent decisions on foreign policy.

B. Italian Limitations

The major Italian contribution to collective Western security has always been consistent with the country's relatively marginal strategic position. Italy has decided to pledge its loyalty to the Alliance, but with only a secondary and residual commitment of armaments.

Italy has slipped into a relatively passive role, rejecting nationalistic tendencies, particularly on nuclear issues (on which, furthermore, there had never been sufficient domestic political consensus), allowing numerous allied military installations on its territory and concentrating the bulk of its military effort on the defence of its the northeast border.

This resulted in the case of a major European country essentially without an independent security policy or specific strategic interests not covered by the diplomatic-military decisions made with its membership in the Atlantic Alliance and in NATO.

Consequently, Italy has made greater developments in the areas of economy, trade and diplomacy, than in the military dimension, with significant consequences for the nature of its participation and role in the international arena.

This situation did not change significantly until the end of the seventies when the country began to recognize the increasing importance not only of its international economic and diplomatic role, but also of its political and strategic role. This was prompted, at least in part, by Italy's membership among the major industrialized countries of the West in the Summits of the Seven, and by the perception that something was also changing in Europe as the international political identity of the European Community, within which Italy played a respected role, was increasingly affirmed. It was in 1974-75 that the United States began to consider Europe seriously as a possible partner, a credible candidate for an equal partnership such as that envisaged by John F. Kennedy.

In 1979, Italy began to extend its defence policy toward the NATO area (the granting of guarantees for the protection of Maltese neutrality) and accepted Euromissiles on its territory. That year also marked the last Western Summit of the Four, from which Italy was still excluded. Furthermore, as early as 1978, the Italian Parliament approved the controversial decision for the immediate entry of the lira into the European Monetary System conceived by Helmut Schmidt and Valéry Giscard d'Estaing, thus confirming a move toward increased political and economic integration.

In the European arena, Italy consistently pursued this path,

supporting both the deepening of the Community and the extension of its competencies to include security. In the military arena, the Italian decision to send troops to Beirut (1982) and naval and air forces to the Gulf (1987 and 1990) marked the end of a self-imposed period of political inferiority.

The slow and difficult process of Italy's acquisition of full international status, however, led to the fragmentation of the various elements (diplomatic, economic and military) of its foreign and security policies. Such fragmentation resulted in increased domestic consensus and greater room for manoeuvre internationally, and above all, allowed for the accommodation of the fragmentation within the Italian institutional system deriving from virtually completely autonomous departments coordinated by a prime minister that is but a "primus inter pares".

Despite a political debate centred on fundamental choices, therefore, decisions were rarely implemented as effective operational strategies. With the exception of decisions regarding its European vs Mediterranean orientation ("choices of civilization"), which had separated the majority from the opposition, the Italian political regime attempted to avoid major upsets and preferred to seek more limited tactical consensus. This, however, enabled the political system as a whole to continue to function.

The frequency with which Italian governments fall projects the impression abroad that the country is unstable, but it has almost never influenced its foreign policy (with few exceptions, including the 1950s issue of Trieste and the recent Achille Lauro/Sigonella affair, which had threatened the government stability.

The fact is that changes in government occur within a centrist political coalition which has comprised a wide variety of elements (monocolore, bicolore, quadripartito, centro-sinistra, pentapartito, etc.), but which has remained firmly committed to its traditional European and Atlantic orientation.

Thus, it can be said that the lack of viable political alternative, which is often cited as the main cause of domestic political sclerosis and of the estrangement of the citizens from their institutions, has nevertheless fostered continuity in foreign policy.

Italy has allowed itself the luxury of a "grand strategy", which has undoubtedly been successful, but which has provided only the minimum "logistic" mechanisms necessary for its effective implementation: it is this contradiction that constitutes Italy's greatest weakness and which could be the cause for future difficulties.

C. Choices for the Nineties

Italy is continuing to pursue and affirm its "grand strategy".

It is not immediately evident, as it is only rarely consistently spelled out, but it is manifest in the set of decisions made in the international arena since the beginning of its "new" phase of self-determination in December 1978 with its decision to become part of the EMS. The most recent European Council, which met in October 1990 in Rome, confirmed that the Italian government is pursuing its commitment to the evolution of Europe that it had outlined in the European Council in Milan in 1985. The proposal to confer the competencies in security outlined by the revised Treaty of Brussels (West European Union) is following the course of the Colombo-Genscher declaration (1983). And the deployment of naval and air forces to the Gulf, together with the firm decision to host the US F-16s which will soon be redeployed from Spain, underlines the continuity in Italy's military decisions.

At the same time, however, the international picture is changing: the old East-West division in Europe is changing and the "logistical" deficiencies which constitute the main problem of consistency in the "grand strategy", are becoming more acute and urgent in light of increased European integration.

Itay's international role is becoming increasingly independent, resulting in the possibility of new choices that could alter or redirect the "grand strategy".

The domestic political scene has also changed significantly. Despite the continued division between the majority and the opposition, with the more than forty-year exclusion of the Italian Communist party from the government, there is no longer a clear distinction between domestic and foreign policy decisions. Nor does the consensus reached in 1976 still hold -- not because of renewed debate, but because the international picture has changed in the meantime, posing different questions.

In 1990, therefore, Italy is faced with the prospect of a new great debate involving only a few of the elements which had characterized the former and which led to the "grand strategy" described above.

Once again, there is the possibility of a clash between strong protectionist tendencies (self-imposed exclusion from the integrated system of the European and international economies). Such tendencies are no longer fueled by the industrial private sector (which is clearly oriented toward the European and international markets), but are supported by the serious national deficit and, therefore, by some sort of redistribution of resources and a domestic consensus.

In the field of security, there is a difficult choice to be made between giving a higher profile to the military identity in addition to the political and economic one (within a European framework), and that of progressively limiting the defensive arena to Italian defence policy, virtually excluding the country from the main new international strategies currently taking shape (beginning in the Gulf).

This debate is still rather confused, and the various parties do not yet seem to have defined their positions on the issues. It is also conditioned by the fact that the country is meanwhile continuing to pursue the "grand strategy" designed over the past decades.

There is some question about the necessity of making the choice. Simply pursuing the old "grand strategy" could in fact provide a logical and consistent solution also to the questions today, by continuing to move in the direction of increased Italian integration in Europe and by assuming greater responsibility.

But the "logistical" contradictions of this grand strategy are coming to the fore with increasing urgency. It is not possible to become a credible "security producer" at the international level if decisions taken at the domestic level continue to be compatible only with a role of "security consumer". The same holds true for the economy. A greater international role and greater responsibilities also require a capacity to fulfill commitments and bear the costs. And the reform of the "logistical" weaknesses also requires more useful and efficient decision-making at the domestic level.

This gives rise to a new phase of interaction between domestic and foreign policy, typical of all periods of decision-making and major debate.

But this debate must occur within the context of clear and realistic choices. The following section outlines the main elements of the new international point of reference, examining the choices available to Italy in light of the analysis made in the preceding sections.

D. Italy and the Balance of Powers

This scenario implies a difficult "renationalization" of Italian policy, and the virtual abandonment of its "grand strategy", though some of its elements may be maintained.

Such a model would, on one hand, be consistent with the "logistical" weaknesses of the Italian system, thus preventing the country from facing problems associated with a major new domestic political debate and facilitating the achievement of broad parliamentary consensus.

On the other hand, the persistence of structural weaknesses (both economic and military) would seriously limit Italy's capacity to present itself as an interlocutor of comparable, if not equal in weight to those of the other European powers: i.e. it could give rise to a potential for a progressive self-imposed exclusion, associated with nationalistic tendencies proportionate to the extent of nationalism in the "environment", which could renew the 1950s and 1960s debate of Europe vs the Mediterranean.

Within this framework based on the rules of "power", Italy is not a member recognized by any major European "axis" -- neither the bilateral Franco-German axis, nor the nuclear Anglo-French axis; it is not a member of the club of the "big" European powers (comprising two for military and political reasons, and one for economic reasons), and could therefore not even be a recognized and stable member of a possible future "directorate".

It is, of course, a valued ally. As such, it could be called upon by France (in the western Mediterranean) or by Germany (in Eastern Europe -- the pentapolar area -- and in the Mediterranean in general). But, in a scenario of a balance of power, these requests are likely to be in competition and conflict with one another.

This could result in a recurrence of the old Italian dilemma, i.e. that of the need to choose between the powers of the Entente and the Central Empires, presented this time as a pro-German, or pro-French choice. The latter is, of course much weaker and more unsatisfactory than the former.

Among the reasons for this is the continued key role that the two superpowers would play. In a model of the balance of power, Italy would still have an active interest in maintaining close ties with the United States.

Whatever the combination of possible axes, it is clear that Italy would tend to play an essentially "Mediterranean" role, which would be only indirectly tied to the balance of power in Central Europe. This would result in greater problems specific to Italian domestic consensus. Furthermore, the division between the Mediterranean and Europe would be increased, with significant strategic and economic consequences.

E. Italy and Fortress Europe

This model would probably achieve widespread domestic consensus, at least with respect to the Italian political orientation, particularly that of the centre-right.

From the Italian point of view, in fact, a Fortress Europe offers significant advantages:

- benefit of a high level of security and international protection at relatively low cost, e.g. it should soon lead to a collective European representation in the United Nations Security Council, at the repeated request of Italy;

- affirmation and reinforcement of Italy's position in Europe, on the basis of the classic decisions made by the Italian postwar political elite;

- forestallment of the difficult dilemma of having to choose between France and Germany, or of managing an arduous and unequal bilateral relationship with the US

or the USSR;

- possibility of maintaining a stable "international reference" for national policy choices (particularly in the economy, but also in security) to which domestic political decisions must conform, thus preventing the Italian model from "slipping out" of the **mainstream** in the West and in Europe;

- a clear confirmation of the end of the strategic distinction between Europe and the Mediterranean, offering a European cover for a protectionist policy against immigration.

On the other hand, this model also requires a difficult and rapid adjustment of the Italian economic and social welfare system to German as opposed to European standards in an economic environment that is not only competitive, but protectionist and conflictual. It also requires the abandonment of an international political course of passive support, or at least "rational" commitment in major international crises, and some degree of subordination to Central European reasoning in its policy toward the Mediterranean and developing countries.

Therefore, if this model would achieve consensus among some political forces, it would also probably give rise to sharp conflicts and could clash with the need for an abrupt change from a political model based on "consensus" to a new model based on divisive decisions, the domestic consequences of which are difficult to predict.

F. Italy and European Protagonist

This model offers many of the advantages of the preceding one, with one "positive" and one "negative" variation.

The "positive" variation lies in the fact that European Protagonist such as the one described elsewhere in this paper requires the preservation of the traditional alliances and, therefore, of the major fundamental decisions that Italy has made regarding its position among the former. European Protagonist is a model that involves "evolution" and which, by not requiring a major breach in international consensus, does not give rise to the possible divisive effects of a critical domestic debate.

Furthermore, though this "evolution" requires the continuous adjustment of the Italian system to the international one (the international point of reference), it offers a longer time-frame and is based on parameters that to some extent are "softer" than those of the preceding model.

The "negative" variation is represented, on one hand, by the lesser degree of European commitment and integration guaranteed by this model; on the other, (possibly) by the need for a greater Italian inclination toward making a series of greater independent

and voluntary economic, political and strategic commitments. In the European Protagonist model, Europeans end up playing an international role comparable to the one that they would play in the Fortress Europe model, but without the "security network" of stable and strong institutions.

A European "architecture" founded on three ellipses, one within the other -- the European Community, the Atlantic-Western system, the emerging CSCE -- basically corresponds to Italian requirements and preferences, provided that it will succeed in participating in all of them, albeit to different degrees.

This situation increases the urgency of an old problem -- one that has been studied by the Istituto Affari Internazionali since its creation, and which was the subject of its first major international conference: the institutional question of who decides and, above all, of who makes foreign and security policy in Italy.

The question is still unresolved, and involves the co-existence of various decision-making centres both within the government and administration, and within the country at large. This unresolved question is consistent with the traditional Italian way of ensuring domestic political equilibrium and consensus, but makes it increasingly difficult to address complex issues and take decisions on them.

As long as there was a possibility of "delegating" the actual management of foreign policy to other external powers, all of this was relatively unimportant and the major foreign policy decisions therefore involved primarily a "choice of sides" (thus Italy has taken the lead from decisions made by the major allies). Now that such "delegating" is no longer as valid as it had been in the past, major foreign and security policy decisions have to be taken autonomously and can be hampered by what has been has been described here as the weak Italian "logistics".