

Book reviews

Europe Adrift by John Newhouse, Pantheon Books, New York, 1997, 340 pp.

Europe redefining itself

With the end of the Cold War, Europe is now redefining itself. However, it is not a self-contained Europe of independent states or even a cohesive European Union. Power is shifting unevenly among national capitals.

The author – John Newhouse – quotes Václav Havel as stating:

“Europe today lacks an ethos; it lacks imagination, it lacks generosity. . . Europe does not appear to have achieved a genuine and profound sense of responsibility for itself.”

The preoccupation of most governments is to implement the European monetary union, while voters reject their governments and try to protect their safety net and prolong the twilight of the welfare state.

Newhouse states that “Europe is despondent and confused”.

With the end of the Cold War, the role of central governments is diminishing while the importance of regions is growing.

The author believes that “As Germany goes, so goes Europe”, and “France has a lot to think about”, because “its precedence on political matters is gone”.

The Anglo–French relationship is one of mutual distrust. Britain is tempted by the idea of being part of the inner circle but is not willing to give up much to be there. Britain remains insecure and tentative about its role in the EU.

Europe needs to develop a global political role to match its economic outreach. EU members now confront a powerful and moral obligation to offer membership to all the societies which are part of Europe’s history or the EU project will fail.

Power trickles down to regions

European cities and regional governments are acquiring bigger budgets and developing professional bureaucracies. National cultures are being squeezed

between a broader popular culture and briskly reviving regional cultures.

Regional governments are better placed than national governments to manage issues like immigration, drugs, crime and other issues that affect people directly.

Consequently, the importance of capitals is decreasing and regional centers that are independent of borders are becoming more important.

The creation of Superregions and of Regionalism fosters hostility to national governments as well as to the Brussels-based EU institutions. A Bavarian government official calls it a “Europe of regions”.

On the one hand, the EU claims that “We must erase borders and have one market”. On the other, deeply rooted patterns of commercial and cultural interaction are gaining ascendance in the regions. Regions like the Rhône-Alpes – France’s strongest region – promote their own commercial policy and attempt to acquire independence and extend their reach in Europe and even globally.

Newhouse asks whether the trend toward Regionalism will provoke economic disparities among rich and poor and how regionalism will affect Europe’s security. Porous borders weakens national governments and weakens national police forces and complicates efforts to combat delinquency, drugs and hot money.

The author proceeds to review the strengths and weaknesses of the most notorious regions in each country in Europe.

As an example, Newhouse comments that “The conflict between Paris and the major regional cities varies in expression from place to place, although it usually stays beneath the surface.”

He calls France “the world’s consummate nation-state”, where “the regional current has broadened and acquired momentum”.

Nowadays, Paris has to contend with “the renaissance des grandes villes”.

It is ironic that with the arrival of the TGV, Lyon seems to become a virtual suburb of Paris; travel time was reduced to two hours and a commuter from Lyon is presumed to have an easier time than someone driving from an outer suburb through heavy congestion surrounding Paris.

In conclusion, the sweeping forecast is for the End of the Nation State and the Rise of Regional Economies.

A collective nervous breakdown

According to Newhouse, the fortunes of the EU, or the EC as it was then known, appear to have crested in mid-1989 – the year that marks the end of the Cold War.

Since then, warm peace supplanting cold war [is] obscured by the general confusion of most governments.

Newhouse studies the Franco–German relationship, German unification, the “botched” Maastricht meeting.

It blames France for “the mess created at Maastricht”. As the EMU fell into place, France and Britain denied Germany’s serious movement toward institutional reform or a common foreign and security policy or progress toward adding new members. At Maastricht, “there was near paralysis in France’s decision-making process”.

Since the ill-fated conference, the EU has been hobbled by the passivity and confusion of key players, Germany and France, and the self-marginalization of Britain.

Readers are all aware of the five highly restrictive rules governing eligibility for “the new club” which were drawn up “under the watchful eye – and indeed controlling hand of the Bundesbank”. (They are not repeated here, although listed in the book.)

Ever since, the countries in Europe have been trying to meet the requirements with variable success.

Social security programs interfere with efforts to restructure European industry.

With the social compact under pressure, each country asks itself the crucial question: “Will the belt-tightening required to meet the EMU criteria generate more unemployment and social pain?”

Newhouse recounts events of the last few years, in particular, in France and Germany.

Over the latter part of 1995 and early 1996, Kohl and Chirac decided that membership in EMU would be decided early in 1998, based on the economic performance numbers of 1997. Those countries that were judged to meet the criteria in February or March 1998 would become part of the new club that would begin life in 1999.

They decided to go forward, feeling there was no alternative. “The single currency has become the symbol of success or failure.”

Skeptics believe the timing is poor, given the low growth and high unemployment prevailing everywhere in Europe.

Readers are aware from the daily press of the problems created by “the Kohl–Chirac EMU commitment”.

The author highlights the main events which, at press time, are taking place in each European capital to meet the demands of the EMU.

He touches upon the issue of EU enlargement – a process which “continues to stagnate”. As for the single currency, “Washington must worry that if EMU founders, the US will confront a weaker and more factionalized Europe”.

A chapter entitled “Germany Adrift” is devoted to the problems facing Germany and Chancellor Kohl. Another to the relationship between France and Britain.

France and Britain: L’entente ambiguë

Britain and France are the only two members of the EU with serious traditions of nation-statehood to protect.

Defense is a source of much tension among NATO’s Big Four – Paris, Bonn, Washington and London. The defense debate grew heated in the summer of 1991, as the Soviet threat was fading away. Germany’s unification “shifted the tectonic plates of French policy”.

Setting policy had been so much easier during the Cold War. The end of the Cold War narrowed Paris’ field of manoeuvre. Mitterand felt strongly that “French sovereignty [should] not be compromised”. However, all sides depended on “the special French–German link” which had been forged by de Gaulle and Adenauer. As for Britain, defense remained the tie that binds and France emphasized that European defense could not be dealt with without Britain.

As for Britain, the six original members of the EU have been specially resentful of Britain’s unwillingness to break with the past and its old tendency to involve itself with Europe, only when it feels a need to restore a comfortable balance of power.

As we all remember events from May to October 1995 were very bad for Chirac and France. Not one

problem, event, or series of events produced the current national depression.

The author feels that France's biggest problem is "an invincibly hierarchical system that over the years has created a sense of alienation that is steadily widening".

As observed from the author's perspective, "France is trying to adapt to a new era and altered circumstances without overwhelming the tolerance of society and risking social peace".

Newhouse covers the Thatcher period and then moves to Blair's election which heralds a new era. Stock markets reacted favorably when Blair indicated that Britain was now inclined favorably toward the new order and EMU.

A chapter in *Europe Adrift* covers events in Russia and another in countries bordering the "Troubled Mediterranean", including "Algeria's torment, France's chagrin".

Afterword

Newhouse thinks that Europe has broken with the past more completely than at any time since the end of the Thirty Years' War and the Peace of Westphalia in 1648.

The Maastricht Accord called for creating "an ever closer union among the peoples of Europe". However, the EU's own opinion polls have shown that not many of its 370 million citizens think of themselves as Europeans first.

The progress already made by the EU probably will not be undone. Various members would like to change the rules. Enlargement is a contentious issue. It might draw a sharper line between central and eastern Europeans.

Some German and French officials are showing nervousness.

In the last few days, as this review was being written, the Bundesbank has seen fit to increase interest rates at a time when most countries already are suffering unacceptable rates of unemployment. Against its better judgment, France has followed suit.

It is obvious that "as Germany goes, so goes Europe". However, the economic and social strains and tensions within and between member and non-member countries are being tested as never before.

For various reasons, the US has been and remains able to adapt to changing times with corporate re-

structuring, wholesale layoffs, job relocation and new technologies.

All of the above comes harder for countries such as Germany and France, where social peace has relied on highly developed social security systems and where deregulation and liberalization of business in general are countercultural.

The author fervently hopes that "What Europe makes of itself is crucial". In a world of dynamic change and shifting power centers, Europe can and should remain the citadel of civilized values, a center of peace and stability.

For now, there remains some sense on both sides – Europe and US – of being joined together in the same civilization confronting the same latent threats.

Europeans have yet to define themselves as belonging to a country, a region, or a community. Being European may be no more than a state of mind.

The book and its conclusions, that should interest both Europeans and Americans. Both have a crucial stake in the EU and EMU. Recent events are described and assessed dispassionately. In spite of the fact that events described are recent and of the moment, the author has been able to take a healthy arms-length perspective to an important world event.

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Chinese Technology Transfer in the 1990s by Feinstein, Charles and Howe, Christopher (eds), Edward Elgar, Cheltenham, 1997, 243 pp., £55.00, hardback, ISBN 1 85898 245 6.

China needs new technology as well as new management ideas, if it is to succeed in becoming an 'economic superpower' in the next millenium. Indeed, the Dengist reforms were premised on learning from the West and Japan, in order to update Chinese production-methods and techniques. To date, transfer-

ring technology has been an intrinsic part of China's reform and modernization policies.

Books on this subject, applied to the People's Republic of China, are, however, indeed rare. A new work is happily at hand; Professors Charles Feinstein and Christopher Howe have capably edited a new (1997) collection on this theme, *Chinese Technology Transfer in the 1990s*. It is an important demarche and one that should be followed-up as soon as possible by more ongoing published case-studies.

As might be expected, given its distinguished British academic editors, it is a substantial work of scholarship and one that can be strongly recommended. It is replete with solid research on the subject, although one cannot be uncritical of some weak spots which we will highlight in a moment. There are eleven chapters in all; some by British and the rest by Chinese authors, from the prestigious sponsoring-body of the seminar on which the book is based, the Chinese Academy of Social Sciences (CASS). The book is unique as the first collaborative work on this theme. The seminar of experts, held in Beijing, was the basis for this most useful collection of papers.

Now, we must look at the intellectually-exciting themes covered here. The introduction by Professor Howe sets the scene, and leads into the subject. The work is outstanding in its theoretical chapters, written largely by the Oxford contributors; the empirical parts are some what weaker, with exceptions, of course. The Chinese economists contributing do not cite much (Western) theory, on the one hand and the UK side have not carried out extensive fieldwork in technology transfer in the PRC, on the other.

Dr. Paul David's work on rethinking technology transfer is sound on theory, as is Howe's on technology and competitiveness in Asia. Professor Feinstein then deals with the Soviet experience in the field.

A number of Chinese-authored chapters deal with the Chinese official policies in the area.

In the latter half of the book, we find a number of very interesting treatments of the general theme. Dr. Tang Shiguo for instance looks at a set of Sino-Japanese cases. Drs. David Wall and Yan Ziangshuo next spell-out the implications for Chinese export performance. Dr. Nick von Tunzelmann concludes the book with a look at the wider theme of technology transfers in a comparative perspective. As a final chapter, this is most informative but does not alas really provide a summing-up and overview of the contents of the symposium.

There is regrettably not a great deal on the management literature nor the management implications of technology-transfer. The contributors are mostly economists of one sort or another. Business school MBA students and faculty will be somewhat disappointed. From the perspective of HSM readers, there is no systematic treatment of the technology transfer process and its systemic intricacies. Even so, there is a great deal to be learned from this scholarly volume, in spite of these deficiencies.

The book is alas only available in hardback and as such is beyond the pockets of most graduate students. This is a pity as it could be of considerable assistance in understanding what is going on in the PRC in the domain. At the cover-price, one may conclude, mostly for faculty-library purchase. Sales in the PRC will clearly be very limited, confined to the main university libraries, if that. A paperback edition, if feasible, would be welcomed.

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