"Which Europe, What Union?" *Pacem in Terris*, the Euro, and the Future of European Unification"

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In his encyclical *Pacem in Terris*, Pope John XXIII presents us with three core features of an international moral order: a set of principles to guide the relations among states; a novel prescription to govern these relations; and an ongoing challenge. The body of principles establishes a natural unity between the laws that apply to the interactions of both individual persons and individual states. The Pope asserts that states, just like persons, are the "subjects of reciprocal rights and duties" (80). Those who rule them are obliged to recognize that they are bound by the same moral standards as leaders as they are as separate individuals (81-82). For this reason, he argues, their authority should be exclusively "exercised for the promotion of the common good" (83-84).

By themselves, the value of these principles is self-evident. What makes *Pacem in Terris* novel is that the Pope not only takes them as a given but recognizes the importance of providing an institutional solution to a problem that faces them all. As individual nation-states, he advises, they are not equal to the task of keeping pace with the moral obligations of their growing interdependence. They still need to recognize, as he puts it, that the "prosperity and progress [of each of them] . . . is in part consequence, and in part cause, of the prosperity and progress of [all of them]" (131). The Pope's response to this dilemma is to propose the creation of "a public authority with the power, organization and means co-extensive with these problems" to ensure the realization of the common good (136-137).

Finally, John XXIII challenges us to wrestle with the task of organizing this public authority in such a way that it will simultaneously serves the legitimate interests of each member and the mutual needs of all. He opposes any solution that would result in the tyranny of the authority over the functions of individual states. After all, he emphasizes, this body's essential purpose is to create the conditions in which "each nation, its citizens and intermediate groups, can carry out their tasks, fulfill their duties, and claim their rights with greater security (141)." At the same time, he stresses that its leaders' additional responsibility is to ensure that these states do not use this principle as an excuse to pursue what is in fact their narrow self-interest.

These are lofty aspirations. In this paper, I propose simply to use them as a framework for conceptualizing a contemporary, international challenge that could not be more concrete: the European Union's response to the sovereign debt crisis. Meeting in Maastricht in 1992, the twelve members of the newly-renamed EU agreed to undertake a bold experiment in monetary policy that would lead to the adoption of a common currency, the euro, among all of their qualifying states. In its capacity as a public authority, the EU's goal was not simply to enrich the economies of each participating state but more importantly to take a major step forward in the pursuit of a common good, European unification. Today, however, as several of these countries' economies are on the verge of collapse, the realization of this dream seems more distant than ever. Making the situation even more difficult, the stronger "euro union" members that might provide the means to resolve this crisis are increasingly inclined to find ways of drawing a thick line of demarcation between their national prerogatives and their public responsibility to serve "the whole."[1]

If this matter were limited to the fortunes of the euro, it would be grave enough. But as we shall see, it is a manifestation of rival conceptions of European identity that have accompanied debates about the purpose and implications of the unification process since the EU's inception. One conception is exemplified by the strict convergence criteria of the euro. This perspective envisages a "narrow Europe" that is likely to be dominated by those states which have the political and economic resources to engage at the highest levels of competition. In contrast, the other conception does not limit its standards of membership to economic performance alone. Rather, it is oriented toward a broader and more inclusive version of European identity. [2] I believe that the handling of the current euro crisis will have a major impact on which of these visions of Europe eventually prevails.

To make my argument, I shall draw upon a single case--the Federal Republic of Germany's response to the Greek debt crisis--to demonstrate why the exacting criteria of membership in the Eurozone have until recently been an attractive way of thinking about Europe's future. Then, by exploring the benefits which Germany itself has received from its association with the European project, I shall contend that Berlin's current policy represents a shift away from the broader standards of European identity that it has embraced in the past. Finally, I will conclude on a measured note of optimism by outlining a few hypothetical circumstances in which Germany's leaders might be persuaded to change course and play a key role in infusing the EU with the broader moral authority required by the natural principles of *Pacem in Terris*.

The Seductive Logic of the Euro.

"No euro, no Europe." When German chancellor Angela Merkel used these words in October 2011 to call attention to the gravity of the sovereign debt crisis, she captured the centrality of the euro for her government's understanding of the European project. It made sense that she would choose this particular ordering of terms—"euro" first and "Europe" second. The common European currency has been the subject of so many attacks and gloomy prophecies over the past two years that it is easy to forget what an audacious, even revolutionary step it represented for the states that originally adopted it. In one gutsy move, their leaders chose to exchange the security they enjoyed with their own currencies for the promise of even greater benefits from an untested experiment. For Germany in particular, the risks of giving up the deutschmark could not have been greater. No country's identity was more heavily invested in the stability of its currency.

Despite the uncertainty, however, the case for a common currency was based upon an extremely seductive logic. If this radical undertaking succeeded, it would eliminate the classic impediments to trade among them: exchange rate fluctuations, expensive transaction costs, price instability, competitive devaluations of national currencies, and a host of other obstacles. A successful euro could even provide their governments with the leverage needed to sell their citizens on further economic reforms. Concurrently, this venture was carefully designed to overcome the doubts of even the EU's most risk-averse members, above all in Germany. To ensure a level playing field, those who adopted the currency agreed to bind themselves to four tightly-defined convergence criteria. Even before entering the Eurozone, each was required to stabilize its exchange rates so that none could begin with an unfair advantage. Thereafter, all would adhere to explicit limits on inflation, government spending, and long-term interest rates. Assuming that each state stuck with these rules, everyone stood to gain.

When we look back on these heady days, it is clear the siren song of the euro was biased for success. The signatories of the Maastricht Treaty were so confident that their standards would be observed that they made no provision for opting out of the currency, save for leaving the EU entirely. Equally telling, despite the importance of the convergence criteria, they said very little about what should be done if a state failed to follow these rules. Indeed, when one reads the relevant sections of the treaty, it is striking, though perhaps not wholly surprising, that the accord's references to corrective action focus primarily on writing and responding to reports and putting up with the reprimands of other members.[3] What we now see in the collapse of Greece's economy, however, is that the benefits of mutual interdependence have made it extremely difficult for the Eurozone's members to contend with the reality of failure.

From our vantage point today, it is all too easy to declare that Greece should never have been included in the Eurozone, or at least not as early as it was. Athens has run large public sector deficits since the fall of the military dictatorship in 1974. Its major industries, shipping and tourism, are precariously dependent on the shifting fortunes of the international market. Factories are inefficient, and labor markets are highly inflexible. In the olden days, when the Greeks had the drachma, they could at least muddle their way through economic downturns. Interest rates could be adjusted to stimulate domestic demand; exports could be boosted by lowering exchange rates; and, in the event that political challenges became especially dicey, one could simply print more money to appease disgruntled constituencies.

For these reasons, it may seem hard to understand why the euro's advocates, or at least those without strong vested financial interests, would have regarded Greece as a safe bet for currency union. At the time, however, the euro was a powerful way of demonstrating that monetary unification would not lead to the erection of a wall—a "euro wall"--between have- and have-not states. The new currency was to serve all Europeans, both rich and poor, north and south. At least until recently, this is why the expansion of the Eurozone to many more countries, as well as EU membership generally, has been presented as a naturally evolving process. There is, however, no mystery to why both the Greek government and Greek consumers responded as enthusiastically as they did to the new economic order. With a sudden influx of cheap credit availed by the euro, they borrowed heavily and spent themselves into many of their current problems.

As we know, the nature of interdependence is such that it affects everyone. In their olden days, German leaders would have looked on with concern at their fellow Europeans' trials, but there was little to force them to do anything more. Thanks to the entangling features of the euro, however, Greece's problems have suddenly become Germany's problems as well. For good reason, bankers worry about how they will get any return on their investments; politicians negotiate furiously over the terms of future loans; and constitutional lawyers wring their hands over the implications of bailouts for the Basic Law.

These are undeniably serious issues. To put them into perspective, however, it is helpful to remember that the Federal Republic has reaped major benefits from the euro. Over the past decade, German banks have made sizeable profits by providing low-cost loans to their southern partners. In return, Greek consumers have boosted the Federal Republic's export-driven economy by using these funds to purchase its products rather than stimulating their own economy. These factors, and not simply budgetary cuts, are among the main reasons Germany has been able to escape much of the hardship of the world recession. But even without these gains, the most profound benefit of the euro has derived from its linkage with the restoration of Germany unity. It was only when French president François Mitterrand told Helmut Kohl in 1990 that his country's support for reunification was conditional on its acceptance of a single currency that German politicians reluctantly acquiesced to giving up the deutschmark.

Not surprisingly, these facts have not been nearly strong enough to overcome the fears of many ordinary Germans that their country is on the verge of becoming the biggest loser in the euro crisis. The assurance of monetary stability has been the mantra of every German government in the post-WWII era. Now that this stability in question, the all-too-human reaction of the average taxpayer is to look askance at the prospect that the Federal Republic should suffer any hardship to compensate for what newspapers like the *Bildzeitung* describe as the profligate behavior of his welfare-state dependent, vacation-loving Greek cousins. This is not to say that there are no welfare-state dependent, vacation-loving people in the Federal Republic! It is just that he and a growing number of his compatriots feel that Greece alone should bear the burdens and, if necessary, the pain of realigning its policies with the strictures of the euro.

Chancellor Merkel would undoubtedly offer a more sophisticated diagnosis of Greece's troubles. Still, it is telling that her policies have meshed almost seamlessly with this way of thinking. In the process, they have also made her more popular than ever with the German electorate. On the one hand, Berlin has presented itself as willing to play its part in supporting the EU's efforts to deal with Greek debt. Over the past two years, Merkel's government has been an active partner in all of the major efforts to resuscitate the Greek economy, including massive bailouts by the EU and the IMF and the so-called "Greek haircut" (credit swap). On the other hand, in all of these cases, the chancellor's characterization of Germany's responsibility for Greece's woes has been shaped by the commandments of Maastricht. First, Merkel has emphasized that currency union has nothing to do with saving Greece or any other Eurozone state from its mistakes. In her view, the Federal Republic should not be in the business of making transfer payments. Second, when she has taken part in such measures, almost always grudgingly, Merkel has insisted on making aid to Athens conditional on the implementation of stringent austerity measures. In recent months, she has pushed especially hard for the creation of a centralized European authority to make sure that Greece or any other non-compliant members live up to this expectation.

In his perceptive paper for this conference, Pierpaolo Donati provides us with valuable insight into this way of thinking. Merkel's approach seems to be based upon a conception of the common good in which the interactions among states, as well as human beings, are built around the allocation of resources. When a state's behavior is judged according to rigorous performance standards, such as those applied to the euro, its behavior is deemed meritorious if it leaves everyone better off. Conversely, when it fails to live up to these standards, it violates the common good by hurting everyone. Accordingly, such a state should either be forced back into compliance with the existing order or denied any further benefits of cooperation.[4]

To their credit, Greece's leaders have sought to live up to these demands—sometimes, even heroically--at a domestic cost that is scarcely conceivable to their northern European partners: severe cuts in social spending; higher taxes; lower wages; massive unemployment; and sustained violent civil protest. One government has already fallen under these pressures. Its successor could be replaced soon. Nonetheless, the core economic problems remain. It is already clear that the reliance on fiscal austerity will not come close to reducing Greece's debt to manageable levels and preventing an eventual default. Athens needs two things if it is to extract itself from recession. It requires a careful combination of structural reforms and strategic investments; and even more important, it requires time and patience. Both cost money, and the Merkel government is not in the mood to give it.

In this context, the German debate about what to do with Greece seems to revolve around two extremes: "do less" and "do more." I mention "less" first because there is a rising sentiment among both policymakers and the general public that Greece should pay the ultimate price for its malfeasance. Merkel does not personally support this approach, but it is consistent with her narrow conception of the European good. Greece should declare bankruptcy, resign from the euro club, and return to its former currency, the drachma. One hears from the advocates of this position that both Greece and Europe will benefit from this option. Supposedly, the Greeks will get the time they need to implement austerity measures and build a political consensus behind thoroughgoing reforms. Then, once their economy is restored to good health, they will be welcome to rejoin the group. However, this is the kind of thinking that demands that all solutions be simple. Let us be frank about what a return to the drachma would mean. It would likely mean the collapse of Greece's banking system. The country's GDP would be cut in half over the first year of withdrawal, and its bond ratings would plummet. Cheaper Greek goods would lead to protectionist measures throughout Europe. Finally, Greece's membership in the EU would be called into question. Since there is no provision for going backward in the organization's history, Athens would minimally end up in an institutional limbo.

In contrast, the option to "do more" is based upon patchwork solutions. Of these, the most popular at the current moment is the creation of so-called Eurobonds to buy up Greek debt. No one believes that this approach would present a long-term solution to the debt crisis. But it would constitute a quite significant transformation in the European Central Bank from being an institution with only one mandate—preventing inflation—into one with an added function: becoming a lender of last resort. For Merkel and her advisors, this position is utter anathema. In their eyes, it would compromise the bank's independence by subjecting it to political pressures. Furthermore, given the strength of its economy, the Federal Republic would effectively become the guarantor of the new Eurobond debt, once again potentially making the German taxpayer responsible for another state's actions.

I am not in the position to predict whether either of these eventualities will come to pass. Nor do I have the expertise to make an authoritative pronouncement about whether either approach would be healthy for the European economy. But I prefer the moral thrust of the second approach. Because of its broader implications, the importance of saving the Greek economy vastly outweighs any benefits that would come from running away from the problem.

If this solution means that the German taxpayer will have to make significant sacrifices for another country, then so be it.

Of course, it's not what I think that matters. The real question is what one can do, hypothetically speaking, to persuade Merkel and other German leaders that a narrowly-focused approach to the euro crisis is the wrong way of going about strengthening Europe. In my view, the best approach is to demonstrate that the same issues and values are at stake in the Greek crisis that made it possible for Germany to be brought back within the European fold after WWII. Thus, for Berlin to demonstrate that it is truly committed to acting in Europe's interest, and not merely asserting its national power, its politicians should apply the values consistently to any challenge they encounter. Indeed, I not only think that Merkel should support this view. I believe that Germany should play a leading role in ensuring that the principle of the common good is observed by the entire European community. As John XXIII might say were he alive today, "some nations may have attained to a superior degree of scientific, cultural and economic development . . . [This] means that they have to make a greater contribution to the common cause of social progress" (88).

Germany as Leader?

One can imagine that my appeal for German leadership at this juncture would seem outrageous to many Greeks. Over the past year, their popular media have been full of scare stories about a looming threat from Berlin. Merkel is routinely portrayed as a Nazi storm trooper, and pundits opine about Greece's inclusion in a "Fourth Reich." Yet as anyone familiar with postwar German history would attest, the last thing that politicians like Merkel desire is a return to imperial glory, or any glory at all. The earmark of German foreign policy since 1949 has been Bonn's and now Berlin's studied determination to avoid even the appearance of wanting to lead. This is the reason why the idea of belonging to "Europe" has been so attractive. It has allowed successive generations of Germans to profile themselves as participants in a collective enterprise first and only secondarily as members of a national group. Of even greater salience for my argument, post-war Germany's "return to civilization" has been justified in terms that are consistent with the principles outlined in *Pacem in Terris*.

When the Federal Republic was founded 1949, its leaders signaled their renunciation of fascism by embracing a quintessentially European form of democracy. From an American perspective, this type of democracy is distinctive in extending beyond the adherence to formal electoral rules and institutions to include conceptions of the common good and a commitment to the well-being of each member of society that have their historical roots in the Church's teachings. It is no coincidence that Article I of Germany's Basic Law proclaims that "human dignity is inviolable" and that all state authority is obliged to respect and protect this standard. In the Federal Republic's formative years, politicians on both the left and the right had sharply different conceptions about how this good was to be realized, whether on the basis of a paternalistic welfare state or the bonds of social solidarity. Yet they set the tone for all subsequent governments by making a demonstrable commitment to policies designed to maximize human well-being—decent health care, free public education, full employment, and generous pensions.

Germany's leaders have also embraced a concept of European membership that is not reserved to specific states, let alone divided into first and second-class tiers (as exemplified by the Third Reich). In the official view, membership is continually evolving as the community's members search for a common culture and set of shared values. Indeed, what state could have benefitted more from this inclusionary spirit than the Federal Republic? Unlike in the aftermath of WWI when Germany was treated as an outcast, its enemies in the Second World War immediately sought to integrate it under the European roof. Robert Schuman had this purpose in mind in May 1950, when he envisioned the formation of the European Coal and Steel Community. The pooling of coal and steel production in France and Germany, he declared, would provide one of the foundations for the economic reconstruction of Europe. But more importantly, its inclusionary focus would establish a precedent under which "any war between France and Germany [would become] not only unthinkable but materially impossible."[5]

Finally, Germany's leaders were easily persuaded to accept the proposition that political and economic conflicts with their neighbors could only be resolved through peaceful means. Much like the Pope's views in *Pacem in Terris*, the existence of "Europe" and other supranational organizations did not preclude individual states from energetically acting on their interests beyond their national borders. But the institutions of this general authority were crucial components of the new order because they provided channels through which these initiatives were to be pursued. Additionally, the European idea allowed its adherents to express themselves with a nobility of purpose that would, at least potentially, have more credibility than the proclamations of separate and self-interested nation states. Thus, when the EU's leaders met in Berlin a few years ago, on March 25, 2007, to celebrate their organization's 50th anniversary, they portrayed themselves as fellow passengers on a global mission: "We are committed to the peaceful resolution of conflicts in the world and to ensuring that people do not become victims of war, terrorism, and violence. [We want] to promote freedom and development in the world. We want to drive back poverty, hunger and disease. We want to continue to take a leading role in that fight."[6]

For these reasons, I believe Merkel and her colleagues are obliged to take their own good fortune into account when they are dealing with Greece or any of the other European states that are wrestling with economic misfortune. The social model of European democracy is a case in point. Just like Germany's postwar leaders, Athens has made very significant commitments to providing a decent quality of life to all of its citizens. It, too, had good reasons for shouldering this responsibility. The fledgling democratic regime that succeeded the military junta in 1974 inherited a deeply-divided citizenry that was hostile to all types of political authority. As a consequence, it was immediately beset in this formative period by intense pressure to meet the demands of all segments of society: organized labor, powerful corporations, anarchists, and on the margins, an enfeebled middle class. This circumstance, more than any other, has been the source of the political impotence, nepotism, and rampant corruption that confounds the government's efforts to reform the economy today. These historical burdens will not go away quickly.

I call attention to these factors because they help us to understand why Merkel's demands that Greek politicians exercise more fiscal discipline have not been understood by the country's citizens for what she thinks them to be—sound economic policy. Instead, they are viewed as unwarranted attacks on a deeply-engrained social model. The newly unemployed longshoreman does not care that his job has been made redundant. He directs his anger at both his government and meddling outsiders for violating a social right that he has always taken for granted. Similarly, a recent university graduate throws a brick through a store window in exasperation that she may never be able to use the education that was supposed to usher her up the social ladder. As a result, Greece's leaders are caught in an impossible bind. They cannot move fast enough to satisfy the German chancellor, but even those citizens who understand the necessity of austerity perceive their government to be acting with excessive haste.

Suspicions about Germany's intentions are by no means confined to Greece. The citizens of countries as diverse as Spain, Italy, and Portugal all see hidden motivations at work when politicians, bond traders, and other critics insist that their leaders implement the same austerity measures as the Greeks. It makes no difference that the issue of sovereign debt is not the primary source of their troubles.[7] Mere facts have not prevented credit rating agencies from downgrading their bond ratings. Worse still has been the inclination of headline-hunting journalists to lob all of these countries together, along with Ireland, under the pejorative heading "PIIGS" (Portugal, Ireland, Italy, Greece, and Spain).

The Merkel government needs to keep in mind a second area of concern. The way it treats Greece has ramifications for the perceptions of those EU members who are slated to enter the Eurozone down the road. This point is particularly salient for that part of the continent, East-Central Europe, where Germany has deep historical interests. On the one hand, we can hardly be surprised that the governments of countries like Poland, Hungary, and the Czech Republic are suddenly less eager to part ways with their złoty, forints, and korunas. Far from stimulating growth, the adoption of the euro under current conditions would make their car factories and agricultural products less competitive with other Eurozone economies.

On the other hand, we should be concerned about a growing perception in the region that the western members of the zone, including Germany, regard these states as potential future Greeces whose governments will be unable to meet the rigorous standards of the euro. In the eyes of many skeptical Poles, for example, it will not matter that their country has one of the most vibrant economies on the continent. Nor will the citizens of Latvia believe that they will be given due credit for their records of fiscal discipline. For them, the emphasis on the euro raises the question of whether they are not yet considered fit, by western standards, for Europe. Can the croupiers at the roulette tables of Monaco or the 826-strong citizens of Vatican City, all of whom use the euro, somehow be superior representatives of Europeanness than the millions of east Europeans who broke with communism in 1989?

Admittedly, even if eastern European political elites wanted to push for deeper integration into Europe at the moment, it would be difficult for them to do so. Their electorates are polarized over the issue of national sovereignty. Populist sentiment is on the rise due, in part, to the perception that EU politicians, like Merkel, are more interested in protecting their own states' interests, and especially their banks, than in acknowledging the damage that their policies (e.g., irresponsible lending practices) have had on their economies.

Recently, in March 2012, Hungary's Prime Minister, Viktor Orbán, engaged in a bitter war of words with his EU partners when the union's finance ministers suspended a 495 million euro aid package to the country, citing the government's failure to make sufficient reductions in its budget deficit. Orbán spoke for many East Europeans when he defiantly stated that his government would not allow his people to be made "second-class citizens of Europe."[8]

Naturally, these quarrels do not mean that the region's formerly communist countries have any intention of opting out of the euro. Quite the contrary, even politicians who oppose the single currency assume that the euro will eventually come their way. Still, German policymakers need to recognize that the ambiguous relationship between the "euro union" and the broader European project in policymakers' minds has a special significance for the non-EU states on the European periphery. A good example is Ukraine, a state which aspires to European status but may never enjoy the benefits of a common currency. Since the election of Viktor Yanukovych as president in 2010, Berlin has consistently expressed concern about the steady deterioration of Ukrainian democracy. The rule of law is under threat, press freedoms have been constricted, and the regime has even imprisoned Yanukovych's principal rival and former prime minister, Yulia Tymoshenko. Nonetheless, the more the Merkel government allows the narrow logic of the euro to set its priorities, the harder it will become for Berlin to justify further attempts to influence the country's democratic prospects. This prospect of being walled out of Europe , by a currency no less, is no small matter for the Ukrainian citizens who courageously took part in 2004 Orange Revolution. If "Europe" is perceived to be stepping back from their country, the likelihood grows that Ukraine will slide even further into a Russian sphere of influence.

Germany and the Common Good

At this point in my presentation, I hope that my reasons for Germany's assumption of a more self-consciously European leadership role will be convincing. This engagement must begin with Greece, but its implications extend far beyond a single country to the well-being of Europe as a whole. As a political scientist, however, I am required to ask whether there are any grounds for thinking that the leaders of a generally risk-averse Germany will decide to take on this role in ways that serves a broad conception of European interests. Because this is the most tenuous part of my argument, I shall briefly suggest three scenarios in which Merkel and her colleagues might be persuaded that a limited focus on the union of states possessing the euro is not only bound to fail. It will make it even harder to realize a conception of European identity that serves *Pacem in Terris*'s conception of an international moral order.

The first scenario, and the one most likely to occur, is that it proves impossible to contain the collapse of the Greek economy. In her continuing defense of Greece's inclusion in the Eurozone, this outcome seems to be what Merkel fears the most. Should the Greek economy go into default, it is hard to imagine that investors would retain their confidence in the ability of other struggling economies, such as those of Portugal, Ireland, and especially Spain, to repay their debts. The value of their bonds would fall and their current budgetary travails would grow even worse. Unless Merkel wants to risk the possibility of this contagion spreading all the way to the world's eighth largest economy, Italy, her government would presumably have no other choice but to invest more of its financial resources in preventing this cascade from beginning.

The second scenario is one in which the populist politics that is currently on the rise in East-Central Europe would threaten to spread into Germany itself. This eventuality is not inconceivable. Populist sentiments can easily spread beyond national boundaries. Anti-German sentiments in one country could take the form of anti-immigrant hysteria in another and then be transformed into economic protests in yet a third country. Under these circumstances, Merkel might rethink the way her government has allowed issues, such as sustained austerity measures, to dominate the discourse about European identity.

A final scenario is one in which Germany's emphasis on narrowing the criteria of European belongingness acquires geopolitical significance. The most prominent case in which this issue could arise involves the, admittedly faint, chance that Germany's fellow NATO member, Turkey, would reassess its identification with Europe. No aspirant to membership in the EU has had more cause for frustration than Ankara. For years, Turkey has tried and failed to meet the admissions criteria to Europe. When Merkel met with Prime Minister Recep Erdogan in 2010, all that she was willing to offer was the designation of a "privileged partnership." Yet two circumstances have changed in the interim. First, Turkey has assumed an increasingly important mediating role in the Middle East, thanks both to the Arab Spring and the uprising in Syria. Second, Turkey's long-strained relationship with Russia has noticeably improved. Conceivably, a marked shift in Turkish policies toward these regions could cause Berlin to reconsider its long-standing ambivalence about Ankara's relationship with the EU.

In sketching these scenarios, I do not meant to suggest that it will be easy to prod Germany into playing a more active leadership role in Europe. In fact, it is fascinating to see how intent European politicians have suddenly become about acting on this issue. In a remarkable statement in Berlin last November, Poland's foreign minister Radosław Sikorski declared that Germany had become Europe's "indispensable member" without taking on commensurate responsibilities. "I fear German power less," Sikorski announced, "than I am beginning to fear German inactivity." He had not come to praise the Germans, the foreign minister emphasized. Germany's leaders were hardly innocent victims of the debt crisis. Still, Sikorski stressed that Europe's future was in Berlin's hands. "You may not fail to lead," he underscored, "not dominate, but lead in reform. Provided you include us in decision-making, Poland will support you."[9]

How amazing it is to hear a Polish leader utter these words! We should not lose sight of the historical significance of such a claim. The driving factor behind the creation of the European community after WWII was the necessity of finding a solution to the problem of German power. Is it not possible that in Federal Republic's reluctance to lead, we have now found the answer to the age-old question about Germany's compatibility with Europe? Should Germany assume the right kind of leadership role, one that is mindful of the good of the whole and prepared for join others in sacrifice, this will be a refreshingly positive outcome of a situation that is otherwise filled with peril.

In fact, in many of the cases that I have mentioned, the leadership I have in mind is not specifically financial. Rather, it is about the impressions one conveys about national priorities and the words one chooses to characterize difficult situations. For this reason, the first thing I would request from Chancellor Merkel as she reflects upon her country's obligations is that she reformulate the quotation that I brought up earlier in this paper. In the spirit of *Pacem in Terris*, she should not have said “No euro, no Europe.” Instead, it is more appropriate for the future of all nations if she puts first things first. She should say “No Europe, no euro.”

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[1] See Horst Koehler, “The Whole is at Stake,” lecture at the University of Notre Dame, September 28, 2012.

[2] Reinhard Cardinal Marx seems to have this second conception in mind when he writes in his paper: “Die Europaeischer Union wird tiefer in den Herzen der Menschen ankommen, wenn sich Europa als Beitrag zu einer besseren Welt erweist und nicht nur ein auf die eigenen wirtschaftlichen Interessen konzentrierter Kontinent bleibt.”

[3] For example, Article 104c.

[4] Pierpaolo Donati, “*Pacem in Terris* and the Principle of Subsidiarity: Beyond the Misunderstandings,” PASS Plenary Session, 2012.

[5] Schuman Declaration of May 9, 1950, at http://www.schuman.info/9May1950.htm

[6] Berlin Declaration at http://news.bbc.co.uk/2/hi/europe/6491487.stm

[7] See Robert Fishman, “Portugal’s Unnecessary Bailout,” *New York Times*, April 12, 2011.

[8] *New York Times*, March 15, 2012.

[9] “Poland and the Future of the European Union,” November 28, 2011.