'Europe 1992: "They're all beavering away like mad"' from Der Spiegel (9 May 1988)

Caption: The 'Europe 1992' operation seeks to prepare the 12 Member States of the European Communities for the establishment of the single market. In its 9 May 1988 edition, the German magazine Der Spiegel analyses the obstacles to be overcome in order to achieve this objective.

Source: Der Spiegel. Das Deutsche Nachrichten-Magazin. Hrsg. AUGSTEIN, Rudolf ; Herausgeber BÖHME, Erich; FUNK, Werner. 09.05.1988, n° 19; 42. Jg. Hamburg: Spiegel Verlag Rudolf Augstein GmbH. "Europa '92: Die sind alle irre unterwegs", p. 26-32.

Europe 1992: ‘They’re all beavering away like mad’

Thirty years after the conclusion of the Treaties establishing the European Communities, the old continent is starting to move again. In an operation known as ‘Europe 1992’, the twelve Member States of the EEC are preparing for the completely free movement of goods between their territories. Does this signal an imminent end to our frustration with the faltering progress towards European integration? Perhaps, but the road to a unified Europe remains strewn with numerous obstacles.

Helmut Kohl expressed his displeasure to the owners and managers of German companies.

Addressing 1 800 representatives of 15 German business associations in the Beethoven Hall in Bonn, in mid-March of this year, the Chancellor deplored the widespread lack of interest in Europe. Dr Kohl cited a survey conducted by the Brussels-based European Commission which found that 87 % of French businesses were preparing assiduously for 1 January 1993, the date on which the customs barriers between the countries of the Community are to be removed, whereas less than a third of German companies were facing up to the unrestricted market of the future.

Kohl urged Germany’s employers to signal clearly to their employees and to the public at large that ‘our eyes are firmly fixed on the aim of completing the single market in 1992’.

This week the Chancellor himself will demonstrate how these things are done. He is to travel to Brussels with no fewer than seven of his cabinet ministers for talks with the European Commission. In the Berlaymont building, the Community headquarters in the Rue de la Loi, the German Head of Government intends to team up with Jacques Delors, President of the Commission, to remove several more obstacles on the way to unity without frontiers.

At the Hanover Summit in late June, when Germany hands over the rotating presidency of the Community to Greece after six months in the chair, Helmut Kohl would like to be seen as someone who created the decisive conditions for a single European market with a population of 323 million people.

There can be no doubt that something is afoot in the old and persistently fragmented continent. Even sceptics who have grown tired of a Community haggling over the most trivial details in the course of the past thirty years can no longer discount the possibility of a major leap forward on this occasion.

In the Single European Act, which entered into force on 1 July 1987, the Europeans undertook to create, by 31 December 1992, ‘an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured’. This Act is the first reforming instrument that radically extends the scope of the treaties approved in Rome 30 years ago by the six founding members of the European Communities.

Since the ratification of the project by the parliaments of all twelve Member States, Europe has been in the grip of something akin to opening-night fever — and Kohl has rightly diagnosed that this feeling is running higher among Germany’s neighbours than in the Federal Republic.

During the French presidential election campaign, the European single market was a dominant issue; in fact, it was the only foreign-policy issue. The Socialists and Gaullists are just as united on the need for unrestricted trade in goods within the Community as they are on the issue of the national nuclear deterrent.

In a ‘letter to all the people of France’, President François Mitterrand has appealed to his compatriots to close ranks in the face of the impending challenge and to work harder.

In the Rue de Rivoli, Economic Affairs and Finance Minister Édouard Balladur has established a comprehensive database on the single market. Television advertisements and posters in the metro have been used in a bid to ensure that the entire French population is aware that the country faces an event of enormous importance.

In the United Kingdom, which has always remained aloof from the continent throughout its 15-year membership of the EEC, Prime Minister Margaret Thatcher has taken personal responsibility for the single-market campaign. At a conference of business leaders in Lancaster House, the Conservative Premier compared the challenge facing the British people with a daily marathon, adding with great self-assurance that Britain wanted the gold medal.

The Government in London earmarked £15 million for an education campaign. This campaign has now been launched with the sort of ballyhoo of which the London-based *Daily Telegraph* believes even Barnum and Bailey, the kings of circus showmen, would have been proud.

In television advertisements, successful British exporters such as Bruce Oldfield, designer to Diana, Princess of Wales, and Egon Egan, head of the Jaguar company, encourage the country's business community by telling them 'You can do it!' By dialling a telephone number, which is advertised everywhere, British entrepreneurs can obtain advice from a special unit at the Department of Trade and Industry.

The Department also sends out videos about Europe 1992 on request. A lively information folder entitled *Towards 1992* with a checklist of things to do, such as finding out the best transport routes to the new markets, is being sent to all the country's 125 000 businesses. Trade and Industry Secretary Lord Young is encouraging the British business community to form 'Clubs 92' as forums in which it can discuss the future of British business in Europe.

The opening of the island to a common European market without frontiers has come to be regarded by many Britons as a historic event ranking alongside the arrival on 28 September 1066 of William the Conqueror, who forged a link between the European continent and the wayward islanders.

The Chancellor's spokesman, Friedhelm Ost, casting a somewhat envious glance across Germany's borders, observed 'They're all beavering away like mad to promote the single market.'

Things are gradually starting to happen now in the Federal Republic too. Bonn's beating of the European drum has caused some alarm, particularly for owners of small and medium-sized businesses, who have been phoning their chambers of commerce to ask what they can expect from the 'greatest deregulation in economic history,' to quote European Commissioner Karl Heinz Narjes. Indeed Peter Korn, the European affairs specialist at the Association of German Chambers of Industry and Commerce in Bonn, observes 'feverish activity' in chambers and other business associations. 'People,' he says, 'have been driven slightly demented.'

The change is astonishing. Apart from declarations of intent, nothing much has actually happened. Lord Francis Arthur Cockfield, the European Commissioner responsible for the single market, says that Europe still reminds him of a giant whose hands and feet have been shackled.

For all the progress that has been made, Europe remains an economically fragmented continent today. In recent decades, the implementation of the Treaties of Rome has removed the customs barriers. Many national regulations and obstacles to trade remain in place, however.

From the end of 1992, border controls are to be abolished once and for all, standards and rates of duty are to be harmonised, and national testing and licensing procedures are to become binding throughout Europe. Then, according to Lord Cockfield, Europe will be economically and commercially unstoppable.

The Britons working for the Community take the view that, by casting off its shackles, the EC will release the Europeans' pent-up energy and enable industry to expand, to become more efficient, to lower its costs and to capture new markets at home and abroad.

The completion of the single market would certainly create an economic power such as the world has never seen. This new superpower, with its 323 million inhabitants, would make the United States, with its population of 242 million, and Japan, with 121 million, look like lightweights.

Even today, for all its fragmentation, the community of European States is the world's foremost trading area. The visible exports from EEC countries account for almost 20 % of the volume of global trade in goods; US exports account for 18 % and Japanese exports for 10 %.

Four years ago, for the first time, the Europeans exported more to the United States than they imported from the country once regarded as the promised land. Since then, the US trade deficit in relation to Europe has increased to more than 20 billion dollars a year.

The EEC has now surpassed the total US output of goods and services. It could, in fact, have a far bigger lead, were it not for the relatively poor countries on the southern fringes of the European confederation, where particularly rich growth potential still lies dormant and could be activated by a free internal market.

A commentator from the *New York Times* wrote that a new competitor is emerging across the Atlantic, a far more powerful competitor than Japan or the four Asian tigers — South Korea, Taiwan, Singapore and Hong Kong. 'And now,' he announced in the style of a circus ringmaster, 'the tiger of Europe.'

What the beast has achieved to date is more reminiscent of the languid performance of a domestic cat.

In 30 years of the EEC, its Member States have managed to keep doggedly and painstakingly devising new obstacles, developing a bureaucracy unparalleled in the Western world and catching travellers and employers unawares with an endless sequence of absurd new regulations.

The main Community instrument, the agricultural market, has blossomed into the most ridiculous drain on resources of modern times and into a unique living caricature of bureaucratic logic.

Even in the realm of foodstuffs, national characteristics still restrict trade. What, for instance, is chocolate? The Eurocrats ponder this question in a brochure devoted to the common internal market. In Britain and Denmark, chocolate may contain vegetable fat — a fact that makes Belgians shudder, even though their own *chocolatiers* use more sugar than other countries permit.

The Italian Government does not recognise noodles as *pasta* unless they are made entirely from durum wheat — a process that is uncommon in Germany. As a result, the Italian market has hitherto been closed to German noodlemakers.

When Germans cross the Belgian border by road from France or Luxembourg, they are not normally subject to customs checks. If, on the other hand, they travel by train from Strasbourg to Brussels, it can happen that their identity and their baggage are checked three times — by French, Luxembourg and Belgian customs officers.

The Council of the European Communities needed 14 articles and a 40-page annex to set out its agreed provisions in a directive 'on roll-over protection structures mounted in front of the driver's seat on narrow-track wheeled agricultural and forestry tractors' — the common tractor to you and me.

Some 20 000 German industrial standards make it difficult for Italian or French producers to sell their wares in the Federal Republic. Philips manufactures the same type of razor in seven different versions for the European market and employs 30 engineers for the sole purpose of adapting its products to comply with diverse European standards.

In Margaret Thatcher's television advertisements, the British computer tycoon Alan Sugar shows five different export models of the same computer that he has to produce for the crazy European market. Siemens manufactures 25 different electrical plugs for Europe.

At national borders, lorry drivers transporting goods through the Community are greeted by customs officials with forms for the purposes of levying excise duty, collecting statistical data, checking on plant and animal diseases and monitoring licensable exports and imports and compliance with trade quotas.

A 20-ton truck takes three days to cross the American continent from New York to Los Angeles at an average speed of 65 km per hour. A lorry of the same weight takes the same time to travel from London to Turin, only one sixth of the distance travelled in the United States, because of the large number of customs checks at national borders. The average speed in the latter case is 20 km per hour.

A bank transfer within the EEC often takes up to ten days, and the average cost amounts to 9 % of the sum transferred.

The Commission has tried to assess the potential extent of missed opportunities in estimates designed to gauge the 'cost of non-Europe'. According to these estimates, Europeans pay around DM 24 billion for customs formalities alone; the luxury of not putting public contracts out to open tender costs the Community DM 80 billion. The present jungle of standards is a barrier to economies of scale, and unit costs are 20 to 30 % above the optimum level.

All of this is set to change radically from 1993. The European Commission has had the extent of this change assessed in a research study which is due to be published shortly in book form.

The researchers have extrapolated an annual economic benefit to the entire Community in the order of DM 400 billion at 1988 prices, which corresponds to 5 % of Community GDP.

The 8 000-page study, based on a survey of 11 000 businesses and price comparisons in all Member States of the EEC, predicts a golden age for the united Europeans: economic activity will be given powerful fresh impetus, increasing GDP by an average of 5 % in the short term and even 7 % in the medium term; employment will be boosted by up to five million jobs, an extremely welcome effect in a Community where 16.7 million people are currently unemployed.

Through the study, Jacques Delors, President of the European Commission, makes the case for the single market as the Community's only genuine growth project.

If the single market runs to plan, Dutch bus operators will be able to transport German holidaymakers from Cologne to Biarritz. Telephone subscribers will be able to choose a French, German or Italian phone. A Greek applying for a public-sector post as a tram driver in Hanover or a medical orderly in Munich will be able to compete on a level playing field with German candidates. A degree from the University of Bochum will be recognised in every Member State of the European Communities.

Members of all professions would be free to establish a business or practice in any Member State. French nuclear power would compete with German power generated with coal from the Ruhr. A Swabian homeowner would be allowed to insure his house against fire for a lower premium with a company based in England. Public contracts in Germany, such as contracts for the construction of a school or hospital or for the procurement of additions to a municipal vehicle pool or the supply of railway engines to the German Bundesbahn, would be open to companies throughout Europe.

At the present time, a Portuguese pays several times more than a Briton for life assurance. Video recorders, cars and cassette players can cost up to twice as much in one EEC Member State as in another.

According to Tony Venables, Director of the European Bureau of Consumer Unions, truly free competition would benefit consumers. They would be able to select the best buys from the financial market, take out cheap building loans in Germany and competitively priced insurance policies in Britain and hire a team of Spanish tradesmen at lower rates.

A brave new world — if it can become a reality.

But from where will the impetus suddenly come? How can all barriers be removed in only four and a half years when the Community has spent 17 years on a directive designed to enable architects to practise their profession in any Member State of the EEC? What are we to expect of a confederation of states that has been vainly trying for twelve years to adopt a common set of plant-protection standards?

As Jacques Delors, President of the European Commission, admits, 1 January 1993 is a date of purely political significance. Hans-Dietrich Genscher's Minister of State for European Affairs, Irmgard Adam-Schwaetzer, considers it marvellous that the twelve Member States from the old continent have set themselves this target, but she too is under no illusions that it will be fully achieved. 'No one should believe,' says Mrs Adam-Schwaetzer, 'that something will go "click" in 1992 and that the single market will suddenly be in place.' She need not worry — no one believes that anyway.

The script for the transformation of Europe has been ready for a few years. In June 1985, the Commission, in fulfilment of a mandate from all the Heads of State or Government, published a report on the completion of the single market in which the Brussels-based institution explained in detail how 300 legislative initiatives could remove all the obstacles to the free movement of goods, persons, services and capital by the end of 1992.

Since then, the civil servants in Brussels have been working on proposals and submitting them to the Councils of Ministers for a decision. There has, however, been little in the way of decision-making.

To date, the Commission has submitted 206 proposals to the Council, but the ministers have taken a decision on only 69 of them. Of the 126 that are currently under consideration, only 14 have been the subject of a common position. All of the others are contested.

In the course of this year, the Commission will develop another 50 proposals from its catalogue of 300 legislative initiatives. This, however, will serve little purpose unless decisions are taken.

On the agenda of the German Presidency are some 100 directives to be discussed or adopted by the Council. Some of these relate to problem areas, such as the labelling of cosmetics, suppression of radio interference, price labelling of foodstuffs, technical standards for building materials and the particularly vital discussion of a 'directive laying down animal-health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the bovine species'.

As we see time and again, whenever the going gets tough and conflicting interests need to be resolved, the Europeans relapse into their old horse-trading habits, and the sense of eager expectation melts away all too quickly.

Last Tuesday, for example, after hours of fruitless wrangling, Economic Affairs Minister Martin Bangemann, chairing a meeting on the mutual recognition of certificates of higher education, had to close the proceedings without an agreement. The Germans want the diplomas awarded by their *Fachhochschulen* — institutions of higher technical education — to be recognised as equivalent to other countries' university degrees. The other Member States are refusing. An agreement is not expected to materialise in the near future.

The Member States are squabbling over the harmonisation of the law on trade marks. The Spaniards intend to approve the package on the table only if the Trade Marks Office is allocated to Madrid; the French will approve it only if Strasbourg is the chosen location. The Luxembourg Government wants Luxembourg to host the new European body, and the Germans want it to be based in Munich.

This week's agenda includes directives on such bones of contention as European law governing company mergers, the liberalisation of freight transport and the harmonisation of the existing directives on meat products. In this last case, the Germans are fighting once again over vitally important details, as they did over the purity regulations for beer. The great issue at stake this time is the permitted content of the euro-sausage.

Lord Cockfield, the Commissioner responsible for the single market, cannot hide his disappointment at the Council's lethargic efforts. The British Commissioner sees a threat to his aim of having had adopted so many detailed provisions by the expiry of the Commission's current term of office in late 1988 that the European integration process comes to be accepted as an irreversible reality.

Even apparently minor technical issues such as the establishment of uniform industrial standards — there are 20 000 of these in Germany alone, and only 1 000 of them are European standards — are creating great difficulties. What will happen, the sceptics wonder, when it comes to tackling the truly important and contentious issues?

Last week, when Helmut Kohl and his cabinet were preparing themselves for the trip to Brussels, the Chancellor delivered a pep talk to his ministers, in the manner of a football manager whose team is trailing 5-0 at half-time. 'Decisive measures are needed now,' said the German Chancellor, 'if we are to complete the single market in 1992,' adding that 'we want the single market.'

The effect of the team talk was somewhat blunted when Finance Minister Gerhard Stoltenberg reminded the manager of the immensity of their task. As far as the harmonisation of taxes in the EEC was concerned, said Stoltenberg, things were going pretty badly. 'Progress is extremely slow,' he stated and expressed the view that the tax issue must be raised at the cabinet meeting in Brussels.

The kaleidoscope of European tax systems and the national fiscal cultures that have developed in entirely different ways are undoubtedly the most formidable obstacle in the way of European economic unity.

In a background paper, the Commission observes that national borders are an integral and indispensable component of the present system of fiscal administration within the EEC. If the border controls are dismantled, taxation methods everywhere will have to be transformed.

At present, for example, VAT varies between 0 % for some staple goods in Ireland and the United Kingdom and 38 % for luxury goods in Italy. When Europeans buy a car today, their purchase is taxed at 14 % in Germany, 28 % in France and more than 125 % in Denmark, where an additional purchase tax is levied.

The dismantling of border controls would very quickly bankrupt the countries with high levels of taxation as buyers switched to the cheaper countries for their supplies.

As regards VAT, the Commission proposed that there should only be two tiers in Europe, with a fluctuation margin of 4 to 9 % for the reduced rate and 14 to 20 % for the standard rate. This, however, is most unlikely to be achievable, at least by the magic date of 1992.

The countries of southern Europe have based their public finances to a far greater extent on indirect taxation, in other words on VAT and excise duty, than the countries of the north.

This has historical roots. The peoples of the south are even more reluctant than their northern neighbours to pay taxes. Indirect taxation is a stealthier method of collecting tax revenue and is therefore more suited to those southern regions than income tax with its directly perceptible impact.

The effect of a revamped tax system, as proposed by the Commission, on many inhabitants of southern European countries is illustrated by the example of France. Édouard Balladur, Mr Stoltenberg's French counterpart, has calculated that it would result in a revenue shortfall of up to 100 billion francs. He summarily dismissed the Brussels plans as impracticable.

Peter Korn, a specialist in this field with the Association of German Chambers of Industry and Commerce, sums it up as follows: 'The key to success lies in the opening of borders, but that is also where things become very difficult.'

Not only there. In a common market, goods and money can circulate freely only if there is a common currency. Otherwise exporters, importers and investors have to live with the constant fear of unexpected exchange losses on their cross-border transactions because of revaluations and devaluations.

Former Federal Chancellor Helmut Schmidt, a particularly staunch advocate of rapid European economic and monetary integration, believes that the European single market will be no more than a figment of the imagination as long as there is no common European currency.

‘We must create a European central bank,’ says the former head of government, ‘because we must have a currency with which a dress or a train ticket can be bought equally easily in Paris or Madrid.’

Schmidt, an expert in the economics of the EEC, has received support from those who are still active in politics. François Mitterrand, the Socialist President of the French Republic, and Édouard Balladur, the Gaullist Minister of the Economy, Finance and Privatisation, called on France’s Community partners to agree to the establishment of a European central bank. In the Federal Republic, Foreign Minister Hans-Dietrich Genscher had a memorandum published at the end of February on the establishment of European monetary union.

‘Without a common currency,’ said Irmgard Adam-Schwaetzer in support of her boss, ‘there cannot be a common internal market.’

In 1978, when the European Monetary System (EMS) came into being, Valéry Giscard d’Estaing, President of the French Republic, and Helmut Schmidt believed that its creation had laid the foundations for a European central bank. In this generally successful system, exchange rates are set within a fluctuation band of 2.25 % in either direction; any change in the central rate is subject to the approval of all EMS members.

At the time of its creation, the founders of the EMS hoped that the system could move into the ‘institutional stage’ after only two years. The idea was that EMS members should gradually transfer their powers in the domain of monetary policy to a European monetary fund, which should become the nucleus of a European central bank.

This process, however, has not unfolded automatically. The participants, including the Federal Republic of Germany, had no intention of going beyond the EMS stage.

Last week, Hans Tietmeyer, Mr Stoltenberg’s State Secretary, visited Frankfurt at the invitation of the Central Bank Council of the Deutsche Bundesbank to brief the authors of German monetary policy. The ladies and gentlemen of the central bank wanted to hear at first hand what Bonn intended to do with the German mark in the united internal market.

Bundesbank Governor Karl Otto Pöhl and Stoltenberg’s envoy reported afterwards that their views were in complete agreement. Pöhl added that he was still not entirely clear regarding the position that Bonn would adopt. According to the Governor, ‘Mr Tietmeyer could not explain that either.’

Nor would that have been possible, given the wide differences of opinion in Bonn and in Europe. Should a European central bank be independent of government control, like the Deutsche Bundesbank, or should it be dependent, like most of the other central banks? Should economic policy be harmonised first and then monetary policy, or vice versa?

National sensitivities play a part here, and positions in the debate are influenced by the lessons of history, as in the case of Germany, where the resolve to prevent any recurrence of the inflation experienced in the 1920s resulted in the creation of an independent central bank.

Last Thursday, Karl Otto Pöhl reminded everyone what monetary union means, namely that exchange rates in Europe would be fixed irrevocably. One third of the EEC Member States, however, do not even belong to the EMS. The British Prime Minister, Margaret Thatcher, flatly refuses to let the pound sterling be part of this flexible monetary system, because she does not want to be pressurised by the strength of the German mark.

The heads of the Bundesbank, along with the Minister of Finance, Gerhard Stoltenberg, oppose any excessive European monetary unity. Hans-Dietrich Genscher would like nothing more than to see the foundation stone of a European central bank being laid tomorrow.

What Stoltenberg and Pöhl find most disconcerting is the thought of being too closely tied to the French in monetary matters. Paris has long bemoaned the fact that wealthy Germans only ever pump dollars into their reserves and spurn the beleaguered franc. If currencies were firmly pegged, such decisions could no longer be made freely.

The French postal service has been years ahead of its time in issuing a stamp which not only shows its value in francs (FF 2.20) but also the ECU equivalent (ECU 0.31). In fact, there will be no common currency for a long time to come. Experts from the Ministry of Finance in Bonn see little likelihood of even a significant strengthening of the EMS at present. One civil servant expressed the view that opinions were simply too far apart.

With so much uncertainty and disagreement among the politicians, the business community, which generally has a keen sense of reality, is not exactly brimming over with enthusiasm about Europe in the light of the obvious differences on such key factors as currency and taxes. As a senior manager in the chemical industry remarked, ‘What are we supposed to prepare for if the politicians themselves don’t know what is going to happen?’

Unlike their French or Spanish counterparts, entrepreneurs in the Federal Republic believe that they are well equipped in any case to thrive in a single continental market, whatever form it might take. The heads of larger companies at least are practised in Euro-business.

The Federal Republic already sells 53 % of its exports to the Member States of the European Communities. If the countries of the European Free Trade Area (Norway, Finland, Iceland, Sweden, Switzerland and Austria), which is widely regarded as a thirteenth EEC member, are included in the equation, this figure rises to 69 %. Almost all of Germany’s trading partners are registering a negative balance of trade with the Federal Republic. German companies could hardly sell more, even in a free market.

In spite of many a hitch, the Germans have been busily investing in Europe. Of the German money invested abroad, 45 % has remained within the Community. There are about 15 000 German businesses throughout the world, and 6 300 of them are located in the EEC. In France alone, 2 500 German companies have already established production facilities; all the top names are represented there.

Besides, the focus on Europe 1992 is too narrow for the strategists in the major German companies. They will, of course, broaden their European holdings through takeovers or new investments. Highly successful German industries, however, such as car manufacturing and plant construction or the chemical and electrical industries, focus their strategies primarily on the world market.

The chemical giants look to overseas locations for their only real prospects of expansion. Last week, Wolfgang Hilger, the head of the Hoechst group, announced another major purchase in the United States, following its acquisition of the US group Celanese in late 1986.

Car manufacturers are currently engaged in intercontinental cooperation talks. While Volkswagen took over the Spanish Seat company and there is widespread cooperation in the production of vehicle parts, the horizons of the motor industry transcend the frontiers of Europe, and the cards are being shuffled in preparation for a triangular game between Europe, the United States and Japan.

However great the scope for growth in Europe may be, even without borders the old continent will not become a giant market like that of the United States. The differences in language and taste, in culture and lifestyles, that have developed over centuries will remain. Europe will never become a Coca-Cola culture on the pattern of North America, where the same products can be marketed in Chicago and Los Angeles. If the jam manufacturers in Bad Schwartau want to sell their wares in Paris, their jams must appeal to the Parisian palate, with or without customs controls.

In the view of the Chief Executive of the German Association of Chambers of Industry and Commerce, Franz Schoser, the process of completing the single market poses few threats to German business. Higher German standards, he says, are likely to prevail in most areas of the market. ‘After all,’ according to Schoser, ‘we are the largest market in terms of purchasing power.’

The others, the ones with less purchasing power, are incurring far greater risks than the wealthy Germans by entering a single European market with a combined population of 323 million. The Greek Prime Minister, Andreas Papandreou, sees 1992 as a critical milestone for the fate of his country. An official study has found that the Greek economy will derive ‘extremely limited’ benefits from a united Europe without borders.

For this reason, the poorer countries of southern Europe will surely try to apply the brakes on the integration train. Mr Papandreou will have ample opportunity to do that when Greece holds the Presidency of the European Council in the second half of this year.

Progress towards a European market without frontiers will thus be slower than many fear and others hope. Nevertheless, what was set in motion three years ago is surely just as unstoppable as the process initiated 30 years ago by the founding fathers of the six-member EEC. The only question at present is the pace at which Europe plc will develop.

Even if the dreams of a Europe without frontiers will take rather longer than the target date of 1992 to come to fruition, the Greeks and Portuguese, the Danes and Italians and the French and Germans will at least have an outward sign of their common European identity with effect from 1993.

From that year, all newly registered vehicles will bear standard number plates, the same size as the current German plates, with a letter ‘E’ on the left-hand edge and the national identifier on the right-hand edge.