



Foreign Policy Research Institute

E-Notes

A Catalyst for Ideas

Distributed via Email and Posted at www.fpri.org

May 2012

WHO KILLED EUROPE? A PROVOCATION

By Ronald J. Granieri

*Ronald J. Granieri, a Senior Fellow at FPRI, is a specialist in contemporary German and international history. He is the author of *The Ambivalent Alliance: Konrad Adenauer, the CDU/CSU, and the West, 1949-1966* (Oxford and New York: Berghahn Books, 2003), and is currently completing a book entitled *The Fall and Rise of German Christian Democracy, From Détente to Reunification*, for Oxford University Press. This E-Note is based on his presentation to the Foreign Policy Research Institute Study Group on America and the West, Philadelphia, 16 April 2012.*

Please allow me to begin with a concession and clarification. Some readers may object to the very premises of this essay, and I want to state them clearly from the start. Simply put, those premises are:

1. The European Union's current economic crisis is but the surface manifestation of a more fundamental weakness of the European project.
2. That weakness is the failure of the EU to develop a strong enough political identity and correspondingly legitimate federal institutions to live up to its founders' vision of a Europe that could act as a coherent unit on the global stage.
3. Such failure was not inevitable, but the product of specific decisions and historical circumstances.
4. The future of the European project depends upon confronting those specific circumstances and facing up to the reality that Europe must either become stronger or it will fade away, becoming as dead practically as it appears today to be dead intellectually.

Objections to these premises may come from one of two directions.

The first objections come from those who consider themselves strong advocates of European integration. Europe is not dead, they say, so therefore no one could have killed it. I have heard such objections before when bringing up my concerns in various venues. The European Union may be in the midst of a crisis, according to this argument, but so far has managed to make enough deals among its members to keep the system moving. As I write these words, even amid recent news of growing problems in Spain and their impact on the European and global economies, the immediate danger of default and collapse appears to have faded, and there are people in Brussels, Paris, Berlin, and elsewhere praising themselves and their colleagues for their crisis management skills. Besides, more aggressive defenders of the EU status quo like to argue, it is wrong and anachronistic to judge the European Union according to the standards of a more federalized state. There are still those who embrace the idea of an EU without a single political center, either out of a genuine enthusiasm for postmodern, post-national, and post-political decentralization or a belief that we already live in the best of all possible worlds and further political integration is a task for future generations, if at all.

The other set of objections comes from the other side of the hall, among those who proudly wear the title of Euroskeptic. They advance the plausible proposition that no one could kill Europe because the idea has been brain-dead from the start. For them it never made sense to imagine that European institutions could replace individual nation states. Nothing that has happened in the past few years thus comes as any surprise to those who have never been enthusiastic for the European project. The current crisis is for them not the product of any specific decision or policy, but rather the simple reality of chickens coming home to roost. Since the nation-state is for most Euro-skeptics the only sensible basis for politics, and the European Union can never become like a nation-state, its failure to head off the current crisis and its halting responses to it are simply proof that the idea of an integrated Europe always was merely a fantasy, at best the silly product of overenthusiastic theorists and at worst the product of an active conspiracy to undermine national sovereignty.

I concede that each of these positions has its adherents who can advance sensible arguments. Nevertheless, I think they both beg larger questions. It is certainly true that the European Union has up to this moment proven to be surprisingly resilient, at least to the extent that the organization has not fallen apart. In this crisis, as in previous disputes about the size and shape of European integration going back to the collapse of the European Defense Community in August 1954, the member states have been able to rally enough common action to put together compromises that allow the organization to carry on. But moving forward does not make much sense if no one can say for sure where the road is supposed to lead, and simply holding together can reflect lack of conviction and imagination as much as commitment to the project. That no member state has ever suffered consequences for inhibiting the development of the EU, indeed, that there is still no procedure for removing a member or imposing any other significant sanction (indeed, those who suggest the expulsion of Greece from the Euro have run directly into the problem that there is no such mechanism—apparently, diamonds and Europe are both forever), indicates how much Europeans fear to confront the implications of their actions, and their preference for drift over mastery in shaping the future of the EU.

Compromises that deal with immediate concerns while ignoring larger questions of strategy and intention may be tactically useful, but this is not really saving Europe. Indeed, the more the EU appears to be the product of ad hoc compromises under the pressure of recurrent crises, the less likely it is that anyone, European citizens themselves least of all, will see the EU as the model for future society that its enthusiasts want to claim that it is. Ad hoc compromises and bailouts take skill, of course, just as it takes skill to prepare a corpse for viewing at a funeral parlor. But appearances are not enough. The visitors may be impressed, and comment on how lifelike the dearly departed looks, but they do not actually expect it to rise and participate in conversations. There is a vast gulf between appearing lifelike and being alive.

Euroskeptics, for their part, are often correct when they point out the failure of the EU to act effectively, though in their *Schadenfreude* over the failures of Brussels they beg the question of what exactly should exist in its place. It is all well and good to argue for the primacy of the nation-state, but considering the actual size and power of the major European nation-states these days, both in absolute terms and in relationship to the large continental states that either have dominated world affairs in the past half century (the United States and the Soviet Union/Russia) or who are currently bidding to dominate world affairs in the next (China, India, Brazil), it is hard to imagine exactly how those European states individually can play the world historical roles they have played in the past without some sort of cooperative arrangement. If the Europeans will not cooperate among themselves, the continental powers would be happy to take them on as individual junior partners (either in an Anglo-American special relationship or in the kind of Russo-German condominium envisioned by former German Chancellor Gerhard Schröder), or use European weakness to advance their own influence (as in recent discussions about trying to encourage China to buy more European bonds) or simply to divide and conquer by dealing with each of them in a series of coalitions of the willing. None of these options actually preserves the dignity of the European great powers, and indeed they all provide less possibility for European self-determination than a federal European Union would provide.

Traditional identities are and remain important. Nonetheless, a world in which Europe sinks into geopolitical irrelevance, either through aversion to power or through aversion to integration, would not long preserve any distinct European identity at all. Since both Europhiles and Euroskeptics in their own way believe in the value of a specific European identity, they would both be well advised to consider why and how Europe has found itself in its current predicament, and what if anything can be done to rescue the Old World from itself.

It is fashionable these days, when discussing the Euro crisis, to affect a kind of retrospective omniscience. Thus many now write and speak as though this crisis was obviously foreseeable. That is an understandable position, as most people like to imagine that they were too smart to end up on the wrong side of any development, and it may very well be that people are being honest when they convince themselves of their previous doubts. Nevertheless, such a perspective can be dangerous, because self-congratulation on having been right all along—justified or not—can get in the way of a serious analysis of why things turned out the way that they have. For it is not true that everyone foresaw this crisis, just as it is untrue to try to imply that the only people who held out hopes for the future of Europe were starry-eyed idealists. Just because things have not worked out does not mean they could not have worked out. Nor does it do anyone any good to simply point to failure and walk away, serene in the knowledge that one was never taken in and thus is not responsible for what happened. Precisely because plans for the Euro have not worked out as so many had hoped and planned, it behooves any serious student of international affairs and history to consider what happened, and why.

The old saw is that success has a thousand fathers, but failure is an orphan. But in the case of European integration leading up to our current crisis, the opposite is true. Failure in this case is not an orphan, but has so many potential parents that historians will be performing paternity tests for years to come. Or, to follow up on the original metaphor of the title, if we want to figure out who is responsible for killing the European dream, our problem is not that there are not enough suspects, but that there are far too many.

The purpose of this essay is to consider the state of European integration and to figure out why we are not now where so many expected us to be. Was the entire process doomed from the start, or simply ill served by a few bad actors in the past decade? Our necessarily brief sketch will not satisfy everyone, but will show us that the story is more complicated than most simple

narratives indicate, which makes the current situation both more depressing and more hopeful at the same time.

Trying to determine the root responsibility for the current crisis will not be easy, but I suggest that we consider responsibility as a series of concentric circles radiating outward from an initial point. Each wider circle requires broadening the frame of reference, and considering deeper historical forces and choices.

Starting at Ground Zero of the current crisis, we can blame the Greeks, whose fiscal woes have so dangerously exposed the weaknesses of the Euro and the EU's political/economic model in general. There are certainly justifications for Greek guilt. Successive Greek governments have not only been profligate, they lied about the true extent of their profligacy in order to get into the European club, and used their membership to their advantage until their sins caught up with them. Ever since joining the EC in 1981, Greece has enjoyed the benefits of structural assistance from the richer members, and also the trade advantages of membership in the customs union. All of this served the interests of certain sectors of the Greek economy, just as later membership in the Euro served the interests of the Greek state by providing easy borrowing terms to finance ultimately unsustainable deficits, terms much easier than the drachma could ever have achieved on its own.

One could extend the notion of blaming the Greeks by increasing the circle to include the rest of the PIIGS (Portugal, Ireland, Italy, Greece, and Spain) whose various economic misdeeds and missteps have left all of them facing both individual and collective ruin, not to mention threatening to drag the EU down with them. This is a harder case to make, however, since the PIIGS are not all guilty of the same sins. Not all of them were running up the huge fiscal deficits of the Greeks; in the cases of Ireland and Spain, for example, the problem lay more with over-investment in speculative bubbles made possible by the Euro than in irresponsible fiscal policies. Indeed, extending the frame to include all of the crisis states suggests that the reasons for the crisis go beyond clichés about corrupt southern Europeans. Even if Greece and its peers should not be let off the hook entirely, focusing sole blame upon them obscures larger questions. Ultimately, the Greeks and others merely took advantage of opportunities provided by membership in the EC/EU and the euro. Who offered them those opportunities?

This brings us to the next circle of potential suspects, the alleged leading states of Europe: Germany, France, and Britain. Each in their own way contributed to the current crisis, even as their leaders today have attempted to present themselves as the crisis managers who will rescue Europe.

To consider the Germans as responsible for the current crisis is rich in irony. For most of the postwar era, the Germans, occupying the divided heart of Europe and eager to prove their devotion to the West, were consistently the most Europhile of the major European states. German Chancellors from Konrad Adenauer to Angela Merkel reaffirmed their commitment to political as well as economic integration. Christian Democrats such as Adenauer and Helmut Kohl based their advocacy of political integration on a vision of Europe as a distinct cultural space, but even secularist Social Democrats such as Helmut Schmidt and Gerhard Schröder saw the advantages for Germany in a more integrated continent. That very enthusiasm, however, bore the seeds of disaster. Determined to prove that Germany would be devoted to Europe even after reunification, Kohl became one of the strongest advocates of the euro. Even as some within his own party worried that a common currency without already existing federal political structures would be unsustainable, Kohl was seduced by the desire for the Euro as a symbolic victory. In so doing, Kohl decided to reverse existing theories. Many, even among Kohl's German Christian Democratic allies (such as former Bavarian Minister President Edmund Stoiber) argued that a common currency should be the crowning achievement of Europe, coming at the end of a long process. Impatient for success and realizing that federal institutions were too far off, Kohl embraced instead the reverse argument that the Euro could be the motor of further integration. Kohl and his Finance Minister Theo Waigel believed that drawing up strict criteria for deficits and debt, and insisting that the European Central Bank be based in Frankfurt, would be enough to guarantee monetary stability, and that habits of cooperation would do the rest. The fact that Germany itself eventually violated the debt and deficit criteria, not to mention the obvious incentives for states that wanted to join the Euro to engage in short-term budget manipulation to get into the club (and indeed that the idea of having as many members as possible trumped concerns about whether those members were actually suited for the Euro in the first place), eventually proved the folly of such hopes.

Under the crisis management of Angela Merkel, Germany remains a leader in keeping Europe together, but the old élan is fading. Members of the older guard, around Finance Minister Wolfgang Schäuble, have argued that the crisis proves the need for "more Europe," and Merkel has made noises in this direction. Most Germans do appreciate that European integration has benefited both Germany's export-driven economy and its financial sector. But the German public, and much of the German political class, has become intensely skeptical about the prospects of future integration, especially as it appears that German taxpayers are expected to pay a large proportion of the costs of bailing out Greece and others. The reflexive Euro-enthusiasm of Kohl's generation, which failed to produce the political integration it claimed to favor, has given way to a more skeptical approach. Although Merkel has shown precisely the skill in solving crises discussed above, there is little passion in her approach, and less effort to bring the public along. Although Germany's wealth and influence should mark it as a leader of Europe, the Germans have been both too cautious and too prone to lecture their partners to create any enthusiasm for further integration.

Merkel's main partner in crisis management has been French President Nicolas Sarkozy, continuing a tradition of Franco-

German cooperation in leading European integration. But this newest version is a pale imitation, and Sarkozy himself has been hamstrung by his domestic weakness, as well as by France's own economic vulnerability. The French have talked a good game about Europe going back to General de Gaulle, but generally have only imagined Europe as a function of French interests. They were and have been no more interested in actual integration than anyone else, and still prefer to imagine that a sovereign France could function as the natural leader of Europe. That assumption of French leadership has often been counterproductive. It alienates smaller states, which are expected to surrender their sovereignty while France remains France, but also engenders suspicion in German partners who are not sure that France can offer practical help to match Gallic ambitions. Without a true common vision, the Franco-German tandem may be able to deal with intermittent crises, but is not able to lead Europe to greater integration.

The British, a natural third among the European great powers, have always been hamstrung by their own deep ambivalence about European integration. Harold Macmillan's decision to apply for membership in the EEC was more a recognition that British trade with the Six was too important for the British to stay out, and a desire to offer a check to the anti-Anglo Saxon attitudes of General de Gaulle. But the British displayed strong resistance to federal structures, and were much more interested in keeping Europe from deepening without them than in making any contributions to further integration. Almost immediately upon admission to the EEC (on their third try in 1973), British politicians and the public toyed with pulling out. At first, the loudest Euroskeptic voices were on the Labour Left; now they are on the Tory Right, but both draw on long traditions of suspicion toward the Continent and pride in British distinctiveness. But just as no British government has been willing unequivocally to embrace membership in Europe (Tony Blair came closest, until his focus groups encouraged him otherwise), no British government has been willing to draw the ultimate conclusion and withdraw from the EU. Not even Mrs. Thatcher, with her demands for rebates and her constant attacks on the bureaucrats in Brussels, seriously considered that option. Thus Britain, one of the three most important states within Europe, finds itself in the EU but outside of the Euro, deeply enmeshed in European credit markets but without a concrete role to play on the central economic questions facing Europe. Being both inside and outside means that Britain continues to play a diffident and occasionally irresponsible role, expecting others to solve a problem whose solution is of vital significance for the future of Britain but refusing to make significant concessions to advance solutions. The collapse of the Euro would have profound implications for the EU as a whole. But does that mean, for example, that Britain should have a voice in decisions about supporting it? Can the British be expected to contribute to bailout funds? Prime Minister David Cameron himself is divided, torn between wanting to be seen as a crisis manager and wanting to avoid being seen as too interested in Europe.

The failure of the Big Three to pull together in leading Europe to greater integration is disappointing, but not surprising. A degree of political will in favor of Europe is a necessary but not sufficient condition for the success of the European project. For even if they may personally want to see Europe develop further, leaders in each of those states also have a problem in convincing their domestic constituencies that deeper European integration serves their interests as well. This can be very hard to do, as the European public betrays a puzzling mix of attitudes toward Europe. Although Europeans enjoy many aspects of integration, from open borders to greater study and work opportunities to the convenience of not having to change money, they have not warmed to the idea of an integrated Europe. Indeed, they tend to take the positive aspects of integration for granted, yet still harbor fear and loathing for the Eurocrats in Brussels and for their fellow Europeans, especially those who live in the south and east and can now take advantage of those open borders and new work opportunities. Thus was born the bogeyman of the "Polish plumber" that helped move the French electorate to reject the European constitution in 2005. Even populations that profited greatly from integration, such as Ireland before the crash, were swayed by Euroskeptic rhetoric to reject the Lisbon Treaty in 2008. (In good European fashion, the no vote had no significant consequences for Ireland or even for the EU, which simply made a few cosmetic changes and had Ireland vote again the following year.) For this reason, many European politicians have found it more expedient to use "Brussels" as a whipping boy to win local electoral support rather than try to use European enthusiasm to win local elections.

Many observers have wrung their hands about how difficult it can be to sell the public on the idea of Europe, noting how much easier it can be to appeal to national sentiment. But instead of redoubling their efforts, advocates for Europe in Brussels, from Jean Monnet to Jacques Delors, have been seduced by the prospect of advancing integration through stealth. This technocratic approach focuses on the development of regulatory norms and practices that encourage uniformity and integration without appealing to the public. The hope has been that if Europeans find their lives becoming more integrated, they will gradually see themselves as Europeans without any messy political discussions. The experience of recent referenda has shown how problematic this strategy can be, though the main lesson most states have drawn is to decide not to hold referenda if they can help it. Public reactions to the current discussions of bailout packages have ranged from the indifferent to the actively hostile—in both donor and recipient countries. All of which suggests that if anything Europeans are becoming less rather than more enamored of integration. Those regulations intended to make Europeans feel a part of something larger and love Europe have only served to stir up criticism for the unelected Eurocrats, and make European integration appear to be an elite project far removed from the concerns of everyday Germans or Frenchmen or Poles.

Thus reluctance to make a public case for Europe has become a self-fulfilling prophecy. An unelected elite has made policy without consulting the public, and now faces criticism for being an unelected elite that made policy without consulting the public. National political leaders, focused on winning national elections, see little benefit and great potential cost in appearing

to be too European in outlook. In good times, this aversion strategy can appear to work. In a crisis, however, it has catastrophic consequences, as governments struggle to negotiate and ratify bailout agreements whose necessity is only matched by their unpopularity.

As has become clear, the problems of Europe go beyond the profligacy or dishonesty of a handful of Greek politicians. Europe is reaping the consequences of decades of risk avoidance and wishful thinking. Even aspects of the European Union that once were considered to be signs of progress, like the Euro itself, or the admission of new members, appear ominous in present conditions, as the size of the EU and the cumbersome nature of its decision making processes have made efficient action difficult. Nor should that be surprising. Considering how difficult it was for the Six to reach consensus in the 1960s, is anyone shocked that it is more difficult to make decisions among twenty-seven members? Added to that is the confusing relationship between the membership of the EU as a whole and the membership in the Eurozone. It was a profound mistake to push ahead with a common currency if all members who qualified for it were not interested in joining.

There are other circles one could explore as well, such as the ambivalence of the United States, which has supported European integration but shown reluctance to embrace an integrated Europe. In economic terms, American administrations at least since Kennedy have welcomed a common market for American goods but done all they can to make sure that the tariff wall did not keep Americans goods out. Hence the Kennedy Administration's encouragement for the British application for EEC membership in 1961, and their strong efforts in subsequent years to lobby the Germans to keep them out of de Gaulle's embrace. At the same time, American administrations have expressed their desire for Europeans to embrace more of the burden of the common defense, but only within the American-dominated structures of NATO, and have been quick to express disapproval of any EU-based military forces that would reduce commitments to NATO. The Libyan action may have helped overcome some of that American reluctance, though even there the wide disparities in the willingness and ability of individual European states to contribute to a campaign they all claimed to support raised questions about European capability of pursuing a common foreign and security policy.

Those are topics to pursue in our discussion. For the moment, however, let us return to the original question, who if anyone is to blame for the current European crisis? It is not enough to blame the Greeks, but once you begin expanding the list of suspects it is hard to know where to stop. One is reminded of Agatha Christie's *Murder on the Orient Express*, where Hercule Poirot is initially confused by the fact that everyone had both motive and opportunity, until he realizes that everyone participated in the murder. There is a lot of blame to go around. That is not the same as saying that the current situation was inevitable, though certain fateful decisions—the decision to expand the EEC before deciding on political union, for example, or to add the Eastern European states after 1990 even though they fell short of the economic level of current members, or the decision to push ahead with the Euro even though it was not accepted by all members of the EU—all nudged the development of the EU toward the problems of today. It does mean that any effort to reverse the disintegration of Europe will require more than another series of technocratic fixes and high-level photo opportunities. It will require European leaders to consider where they want Europe to go, and to be honest with both themselves and their electorates about their vision. It will require them to take significant political risks. Which is why such a reversal is extremely unlikely.

FPRI, 1528 Walnut Street, Suite 610, Philadelphia, PA 19102-3684

For more information, contact Eli Gilman at 215-732-3774, ext. 255, email fpri@fpri.org, or visit us at www.fpri.org.