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CRISIS AND THE FUTURE OF EUROPE

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Abstract

Crisis has been part of the life of the European project from the beginning, its problems spawning repeated predictions that the European Union—and the European Community before it—has been on the brink of chaos and collapse. Its difficulties should have come as no surprise given the pioneering nature of the European experiment, and there is no doubt that the euro zone crisis is the worst that it has ever faced. But Europe has always survived its problems, and rather than giving the bandwagon of pessimism more energy, we need to remember how much has been achieved. The problems of the euro present us with the ideal opportunity to engage Europeans more actively in the work of the EU, to take care of all its unfinished business, and to ensure that the EU emerges from this crisis both stronger and leaner.

CRISIS AND THE FUTURE OF EUROPE

John McCormick

*“The building of Europe is a great transformation which will take a very long time ...
Nothing would be more dangerous than to regard difficulties as failures.”*

Jean Monnet.¹

That the European Union is currently witnessing the worst crisis in its history is to state the obvious. The trials and tribulations of the euro matter not just for the 17 members of the euro zone, but have had spillover effects in EU member states outside the euro zone, as well as in any country that has trade, financial or economic interests in the EU. The predictions of how this will end cover almost every possibility, including continued muddling through, rebuilding the euro without the Greeks and a few others, the collapse of the euro, and (for hard-core pessimists) the collapse of the entire European project.

But while it is easy to be swept along on the tide of doom and gloom, let us step back for a moment and briefly consider the role of crises in the personality and evolution of the EU. There have been plenty before, many of them greeted as surely representing the end of the European experiment. As long ago as March 1982, *The Economist* was running a cover that showed a tombstone bearing the words ‘EEC: Born March 25 1957, Moribund March 25 1982’ and the phrase ‘Capax imperii nisi imperasset’ (It seemed capable of being a power until it tried to be one). More recently, there were predictions of collapse and chaos following the 2005 French rejection of the constitutional treaty, and even in the wake of the now mainly forgotten 1999 Irish vote against the Treaty of Nice.

Writing in his memoirs in 1978, and thus to some extent enjoying the wisdom of hindsight, Jean Monnet warned that 'Europe would be built through crises' and would be 'the sum of their solutions'.² He also argued (introducing what came to be known as Monnet's law) that 'people only accept change when they are faced with necessity, and only recognize necessity when a crisis is upon them'.³

This may be a rather dire judgement on human nature, but Monnet certainly had cause to ponder. He had seen the collapse of the ambitious French-led effort to create a European Defence Community in 1954, Charles de Gaulle's unilateral and pompous dismissal of two British applications to join the European Economic Community in the 1960s, the empty-chair crisis of 1965, and the failure in the early 1970s of early efforts to create a European single currency.

More crises would follow Monnet's warning, including repeated problems with plans for the single currency, skirmishes over the budget led by Margaret Thatcher, surprise national votes against new EU treaties, and the Mother of all Crises that was unveiled before a startled world in late 2009 as the euro fell victim to the perfect storm of its member states breaking their own borrowing limits, a debt-fuelled boom in southern Europe, the global financial crisis, and years of gross economic mismanagement in Greece.

One of the effects of these crises has been to surround the European project in an aura of media pessimism, which had become so general by 2010 that an exasperated José Manuel Barroso was prompted to reflect on the 'intellectual glamour of pessimism and constant denigration' that was doing so much harm to Europe's image.⁴ But it is a curious reality of human nature that shared traumas and misfortunes can sometimes be more effective as a unifying force than successes and triumphs. The problems in the euro zone have undoubtedly been unpleasant, but no chapter in the story of the European project has been quite so effective at making us realize just how much European economies are interconnected, or just how great are the stakes in those interconnections. It has also made many previously indifferent Europeans sit up and think more deeply about the EU.

Even from my vantage point as an academic based in the United States, I have felt some of the effects: while very few Americans were aware even of the existence of the EU prior to the euro crisis, not only do many now know of it, but it has become a leading topic of conversation. The Obama administration has certainly taken more notice of both the EU and the euro, because in a presidential election race that has so far failed to produce a clear frontrunner, bad news from the euro zone is the one problem that has the ability to shatter the fragility of the American economic recovery.

That there should have been so many crises in the story of European integration is hardly surprising. The EU has been a project without precedent, it has demanded a new way of thinking about how to conduct political and economic business, and its evolution has always been hard to predict. It has been made up on the fly, with only a general idea about the end goal and little agreement even today on exactly what it is. And it has been caught along the way in a relentless struggle between the protection of national interests and the definition of European interests. Under the circumstances, its long familiarity with distress should have been entirely predictable.

It is also not surprising that with the woes of the euro now dominating the news and consuming so much political energy, much of the debate about the future of Europe is seen through the lens of the euro. But let us not forget that during its first decade, the euro was doing quite well—travellers and consumers were happy, business was happy, there was public and political support for the single currency in every euro zone state, and there was even speculation that the euro might supplant the US dollar as the world's preferred reserve currency. One of those who thought as much was Alan Greenspan, former chairman of the US Federal Reserve.

Let us also not forget that the European project has for most of its life been about much more than the euro. The EU and its precursors, along with the Council of Europe and a host of specialized pan-European agencies and interest groups, have all been part of a project with a broad agenda and many achievements: helping bring peace to Europe, expanding the reach of democracy and free markets, building the world's wealthiest

marketplace and its biggest trading bloc, encouraging cooperation across numerous areas of policy, building a new kind of power based on soft and civilian qualities, and allowing Europe to reassert itself in the world.

Let us also not forget that the EU is hardly alone in facing crises. My vantage point on the other side of the Atlantic is again instructive: if there is any part of the world that is subject to as much worried speculation about its future as the EU, it is the United States. Although Americans like to think of their home as the bastion of freedom and liberty, as a magnet for immigrants hoping to improve themselves, and as the place where hard work will help you achieve the American Dream, they are also the first to point out the legion problems of their country: a lacklustre economic recovery, persistent high unemployment, underperforming schools, decaying infrastructure, unsustainable levels of consumption, a dysfunctional political system in which *compromise* has become a dirty word, a divided society in which civil debate has been sacrificed on the altar of ideological zeal, and polls which show that large majorities of Americans believe their country is headed in the wrong direction, and that today's generation is the first to believe that their children may be worse off than themselves.

But just as no-one is seriously suggesting that Americans should be giving up on their shared project, and nor did they when their country faced other traumatic events and divisions (not least among them civil war and assassinations), why should we be giving up on Europe? The problems of the euro can be fixed, even though the preference among euro zone leaders for muddling through rather than taking decisive action would seem to suggest otherwise. But even if the euro does collapse or is reformed without some of its erstwhile members, there will be much else of the European project left behind to continue to build upon.

Indeed, whatever happens, the euro crisis offers us an opportunity. We know that there has been a growing political backlash against Europe since the passage of the Maastricht treaty and the negative Danish vote of 1992. We also know that Europe has been attracting more attention, but that much of the debate has been driven by elites with their own narrow agendas, the wider public allowing those elites to occupy the vacuum

created by their indifference. (As a result, there are many myths and misconceptions about the EU, such as how it may or may not be eating away at national sovereignty.)

We also have the evidence of polls showing that those who favour the EU and think it has been good for their country have consistently outnumbered—often by margins of between three or five to one—those who do not. Even as the problems of the euro continued to unfold in the spring of 2012, a Eurobarometer poll revealed that 52 per cent of Europeans favoured the euro as against 40 per cent who did not. The same poll found that in the wake of the crisis, 84 per cent of Europeans believed that the countries of the EU would have to work more closely together, while 53 per cent thought the EU would be stronger in the long run.⁵

So what we have now is an opportunity to regroup and to think more carefully about what we want out of the European project. We should start with a blanket ban on any grand new initiatives, take a deep collective breath, and give ourselves time to think in a considered and dispassionate way about where we go from here, undistracted by crises, alarms, hand-wringing, or breast-beating. What we do *not* need is to be told what to think by political leaders, parties, the media, and interest groups—the infamous elites about which we have for so long been warned. (Is it not interesting that it is usually the elites who tell us that the EU has become too elitist?) What we *do* need is to allow time for the European project to settle down, sink some real roots, and work out its flaws.

Up to this point, the story of the construction of the EU puts one in mind of someone who buys an old house with the idea of renovating it. Instead of working methodically through all the problems, and addressing them in a logical order, the owner gets distracted and impatient and moves from one job to another, finishing some but leaving most of them hanging. Today's EU is a story of unfinished business: an unfinished single market, many remaining blockages to the labour market and free trade in services, a euro that was launched with many critical pieces missing, an environmental policy that has stopped short of forcefully addressing climate change, agricultural and fisheries policies still in need of reform, and a set of half-baked foreign policies overseen by a high representative and an external action service that are still busy defining their roles.

The EU—or, to be more accurate, the governments of the EU member states—has been quite adept up to this point at learning from its mistakes and surviving the crises that the experts have so often told us were terminal. Surviving the problems of the euro zone is, of course, a challenge unlike any ever faced before, but they stand as a stark warning that we cannot make much progress without a clear idea of our goals. ‘If you don’t know where you are going’, observed Henry Kissinger, ‘every road will get you nowhere’.

The priorities now are twofold. First, it is critical that all possible is done to engage ordinary Europeans in the debate about Europe. In a 2005 action plan, the European Commission noted that there had to that point been too much emphasis on messages that reflected political priorities rather than the interests of Europeans, and too many campaigns that focused on political elites and the media while failing to portray the benefits and consequences of the EU in a direct and understandable manner. This remains a problem today; Europeans need to feel more of a sense of investment in the European project, they need to be armed with a helpful balance of information regarding its advantages and disadvantages, they need a better understanding of what it is and what it has meant for them, and they need a better sense of what Europe represents.

Second, we need to take care of all that unfinished business, guided by the mantra that ‘less and better’ is preferable to ‘more and worse’. The governments of the member states and the European institutions—held more accountable by a newly engaged European citizenry—need to work on making the European project more efficient. To return to the analogy of the house renovator, only when Europeans have a better sense of its structure and how everything fits together, and have had a break from the discomfort of living in a permanent building site, and have caught up with all the unfinished projects, should they start thinking about any major new projects.

To summarize: it can often be hard to move forward while being distracted by emergencies and crises, but we need to remember that the European project has been built on the foundations of crisis. This is not the most desirable path to follow, to be sure, but it was inevitable given the pioneering nature of European integration. The time for

construction through crisis is past, however, and we now need a better understanding both of what Europe represents and of what to do with the opportunity created by a revision of the structure of the euro. The need for a more strategic approach to integration, built on the engagement of ordinary Europeans, has never been more clear.

NOTES

- (1) Quoted in *The Economist*, 20 March 1982, p. 11.
- (2) Jean Monnet (1978), *Memoirs* (Garden City, NY: Doubleday), p. 417.
- (3) Jean Monnet (1978), *Memoirs* (Garden City, NY: Doubleday), p. 109.
- (4) José Manuel Barroso (2010), 'Speaking with one voice: defining and defending the European interest'. Speech to the European Parliament, Strasbourg, 9 February.
- (5) European Commission (2012), *Eurobarometer 77*, Spring, first results, pp. 15,19.

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