The Myth of Europe

The euro crisis isn't really about money. It's about the fiction that Europeans ever existed at all.

BY GARETH HARDING | JAN/FEB 2012

When the euro officially entered circulation at the stroke of midnight on <u>Jan. 1, 2002</u>, fireworks lit up the night sky across Europe to celebrate the scrapping of the French franc, German deutsche mark, Greek drachma, and a clutch of other ancient currencies. Brussels hosted an extravagant sound-and-light show, while Frankfurt unveiled a five-story statue of the freshly minted euro as a pop band <u>belted</u> out "<u>With Open Arms (Euro World Song)</u>." "I am convinced," European Central Bank President Wim Duisenberg <u>declared</u>, that the launch of euro coins and banknotes "will appear in the history books in all our countries and beyond as the start of a new era in Europe."

The early 2000s *did* feel like the European moment. Enlightened policy wonks on both sides of the Atlantic gushed about the glamorous new arrival on the global stage. In this magazine in 2004, Parag Khanna described the "stylish" European Union as a "metrosexual superpower" strutting past the testosterone-fueled, boorish United States on the catwalk of global diplomacy. Later that year, economist Jeremy Rifkin penned a book-length encomium, *The European Dream*: *How Europe's Vision of the Future Is Quietly Eclipsing the American Dream*, which was followed by *Washington Post* reporter T.R. Reid's unlikely bestseller, *The United States of Europe*: *The New Superpower and the End of American Supremacy*. In 2005, foreign-policy expert Mark Leonard explained *Why Europe Will Run the 21st Century*.

One wonders how well these books are selling today, now that the European dream has become a nightmare for many, with the euro teetering on the brink of collapse and the union that produced it mired in a triple crisis that will take years, if not decades, to resolve.

First, there's the economic catastrophe. Like the United States, Europe is living through its fiercest financial crisis since the 1930s. Unemployment is high -- more than 20 percent in formerly go-go Spain -- while growth is almost nonexistent, banks are collapsing, and indebted governments are running out of money. Some countries, among them Britain, Greece, Ireland, Italy, Portugal, and Spain, face the prospect of a generation of hardship.

Second, the economic crisis comes on top of the deepest political crisis the European Union has faced. Its most ambitious project, the creation of a single currency, is in danger of collapse. The principle of the free movement of people, another cornerstone of EU integration, is being challenged as some states reintroduce border controls. Visionary leadership is in short supply. And a disgruntled electorate is turning in droves toward anti-immigrant populism. In his annual address last September, European Commission President José Manuel Barroso admitted, "We are facing the biggest challenge in the history of our union." A month later, German Chancellor Angela Merkel described the threat to the euro as Europe's "worst crisis since the end of World War II." For the first time in my 20 years in Brussels, the splintering of the European Union is no longer science fiction but a real, if still somewhat unlikely, possibility.

The European Union was built on the myth that we are one people with one common destiny -- an

"ever closer union," in the words of the 1957 Treaty of Rome that founded what was then called the European Economic Community. We are now discovering that regional and national differences are not dissolving and that Europeans think and act very differently from one another. The British view of the state's role is very different from the French view. The Greek or Italian concept of law is very different from that of Sweden or Denmark. Latvians have a very different view of Russia from Germans. What an Irishman is prepared to pay in taxes is very different from what a Dane or Belgian will allow.

This lack of unity is Europe's third and most profound crisis, one that underlies the continent's economic and political woes. Most Europeans have little idea what the EU stands for in the world, what binds its people together, where it has come from in the past, and where it is going in the future. After more than 60 years of EU integration, 200,000 pages of legislation, and a hefty (and still growing) stack of treaties, we have succeeded in building a European Union without Europeans.

"Yes, but what is a European?"

The question from one of my students should have been easy enough for me to answer. After all, I was born in Wales and have lived in continental Europe -- Oslo, Prague, and Brussels -- for most of the last 25 years. I've traveled to every EU country except Malta. I speak a handful of European languages and studied European history and politics at university. I have worked in the European Commission and European Parliament. My best friends are Dutch, German, Slovak, and Swedish. My partner is French, and my children are bilingual. Unlike some recent U.S. presidents, I know the difference between Slovenia and Slovakia. If anyone should be European, or at least know what constitutes one, I should.

Yet I found myself stuttering and stammering as I searched for an answer. I waffled for a bit about European values -- freedom, democracy, human rights, the rule of law -- but didn't convince myself, let alone the class.

"European fundamental values are sacred," Jan Peter Balkenende, then Dutch prime minister, said in 2004. When it came to actually defining those values, however, he was fuzzier, admitting, "We have been discussing the idea of Europe for the last 1,200 years, but we cannot grasp what it means." That's the problem: Values matter because they are the glue that binds countries and peoples together. They help define what a society stands for and against.

American values are clearly and succinctly defined in the Bill of Rights and U.S. Constitution, which most American schoolchildren have to study and some senators carry in their back pockets. The European Union, on the other hand, has no constitution, and its <u>Charter of Fundamental Rights</u> only became legally binding in 2009. The nearest thing the EU has to a founding document is an almost impenetrable legalistic treaty that has been amended six times since the 1957 signing of the Treaty of Rome. The latest incarnation of the EU's rule book, the 2007 <u>Treaty of Lisbon</u>, commits the union to values such as free speech, democracy, and sustainable development. No wonder it is hard to disagree with American journalist Christopher Caldwell, who <u>wrote</u> in his provocative 2009 book, <u>Reflections on the Revolution in Europe</u>, "There is no consensus, not even the beginning of a consensus, about what European values are."

How did we get here? In the decades after World War II, it was clear what Europe stood for: prosperity for a war-torn continent, freedom from tyranny -- at least for those living in the Western half -- and peace among nations after centuries of bloodletting. (From time to time one catches a whiff of the lingering fear that these conditions are not permanent, such as in the distinctly Hobbesian observation that ran on the *International Herald Tribune*'s op-ed page ahead of the eurocrisis summit in late October: "What's Saving Europe from Hell? The E.U.") It is difficult to argue with peace, prosperity, and freedom -- but what else is there? British essayist Timothy Garton Ash made a stab at defining European values in a 2007 essay in *Prospect*, adding law, diversity, and

solidarity to the list. These are hardly unique to Europe, however. They also camouflage a host of differences among the EU states.

Rule of law, for instance, may be a precondition for joining the European Union, but some states, such as Belgium and France, are much better at calling for new legislation than adhering to laws that have already been passed. In other countries, such as Bulgaria and Romania, corruption is rampant, while in Italy the mafia makes a mockery of justice in the country's south.

It is on the matters of diversity and solidarity, however, that the pan-European narrative falters most. The EU prides itself on its differences, even as it tries to legislate them out of existence. Its motto is "united in diversity," and few places on Earth have such a glorious mishmash of cultures, languages, landscapes, and peoples coexisting in such a small area. Diversity doesn't equal tolerance, however, and the existence of differences doesn't mean acceptance of them -- a fact that has come glaringly to the fore as Europe has slipped deeper into crisis and relationships have strained among its members.

When Dutch populist politician Geert Wilders suggested a fusion of Flanders and the Netherlands in 2008, one reader of a Flemish newspaper posted this outraged <u>comment online</u>: "If Flanders joins up with that people of busybodies, violent hooligans, murdering youths, and nuts, then I'm joining an armed rebellion! It's bad enough being with the Dutch at the same campsite!" Another wrote: "A union with Morocco or Mongolia would be better. There they don't pee against church walls, and they don't eat fried croquettes from snack vending machines." Particularly agitated responses, perhaps, but symptomatic ones: Despite 60 years of ever closer integration and interaction among Europeans, stereotypes are clearly alive and well, prejudices are as deep-seated as ever, and political parties advocating less diversity and more intolerance are gaining ground. In recent elections in France, Belgium, the Netherlands, Italy, Hungary, and even progressive Sweden and Finland, voters have exhibited the sort of fears and phobias that can only be described as the flip side of Rifkin's European dream.

If there ever was a European dream, it was based on a sense of solidarity among fellow members of the 27-nation club. But try telling that to the French, who railed against mythical Polish plumbers stealing their jobs during the debate over the doomed EU constitution in 2005. Or the Dutch, who balk at transferring large sums of money to poorer members of the bloc. Or the Germans, Slovaks, and Finns, who had to be dragged kicking and screaming to offer a lifeline to bankrupt Greece.

At the Congress of Europe in 1948, British Prime Minister Winston Churchill famously said, "We hope to see a Europe where men of every country will think of being a European as of belonging to their native land, and ... wherever they go in this wide domain ... will truly feel, 'Here I am at home."

Some hope. Today there is less mobility than when Churchill made his speech -- roughly 2 percent of Europeans live in a different EU state from the country of their citizenship. Instead of borders being erased -- the aim of the agreement Western European countries signed in Schengen, Luxembourg, in 1985 -- they seem to be coming back into fashion. France recently set up frontier controls on its border with Italy to prevent a wave of migrants from Libya, which it went to war to liberate, and Denmark angered its neighbors by revoking some of the Schengen Agreement's passport-free travel provisions. Not all of Europe, it seems, is ready to accept all Europeans just yet.

In *The United States of Europe*, Reid argued that a new "Generation E" had emerged: transnationals who drink the same cocktails, shout for the same soccer teams, wear the same clothes, celebrate Europe Day on May 9, and cheer along to the <u>Eurovision</u> song contest. "The people of the New Europe -- and particularly members of Generation E -- are moving towards a common European culture," he wrote.

In opinion polls, however, voters today consistently identify much more with their nation-states than with Europe. As Chris Patten, former European commissioner for external affairs, has said,

"The nation is alive and well -- more potent than ever in some respects.... It is the largest unit, perhaps, to which people will willingly accord emotional allegiance." In fact, even the nation-state is too much for many Europeans. Europe has 16 more countries today than it had in 1988, thanks to the shattering of artificial states -- the Soviet Union, Yugoslavia, and Czechoslovakia. In Belgium, a country smaller than Maryland, there is such a vicious division between Flanders and Wallonia that until December there had been no government for well over 500 days -- a world record.

One can, of course, have multiple identities. Some Europeans are Catalan and Spanish, as well as European. Others are Muslim and French. But identities cannot be artificially created; they are forged early on and never go away. I have now lived longer in Brussels than in my native Wales. Despite my Belgian ID card and driver's license, I do not feel even 1 percent "Belge." My passport says I am a citizen of the European Union, but this is an administrative affiliation, not an emotional attachment. Marmite, marmalade, cricket, warm beer, snooker, darts, embarrassed silences, sodden moors, slow trains, pasty faces -- that is Britain. That I can relate to. That made me who I am. Ostend beach, snails, eels, King Albert II, lace curtains, kissing men's cheeks, garden gnomes, 55 percent taxation, racing pigeons, gingerbread biscuits -- that is Belgium. That I can't relate to.

Maybe my 8-year-old daughter -- who once declared she was "half-Belgian, half-French, and half-Welsh" -- will be one of the first members of Generation E. For now, though, I don't know anyone, even in Brussels, who celebrates Europe Day. If Europeans wear the same clothes, they are likely to be American clothes. Whatever common European culture exists is the preserve of a tiny band of well-educated and rootless cosmopolitans: junior EU officials, Eurostar frequent travelers, and foreign exchange students.

It's true, though, that Europeans are slowly coming together in other ways. Most Europeans care more about the result of the Champions League European soccer final than the European Parliament elections. Thanks to no-frills budget airlines like Ryanair and easyJet, they can crisscross their continent for the price of a takeaway meal. Brits with no great fondness for the EU cheer on French, Spanish, and Portuguese soccer stars playing for their local clubs and then head to the pub to drink Belgian and German lagers. The Irish employ Polish builders who hire Ukrainian workers to build their dream houses back home. Much of the credit for this is due to the EU, which has scrapped national airline monopolies, ended quotas on foreign soccer players, and granted Europeans the right to live, work, and stand for election in any member state. Europe will ultimately be built by Europeans, however, not by Brussels edicts. Indeed, European integration owes as much to brash entrepreneurs like easyJet's Stelios Haji-Ioannou and Ryanair's Michael O'Leary as it does to founding political fathers like Robert Schuman and Jean Monnet.

It is also undeniable that, compared with Americans, Asians, or Africans, Europeans do have certain things in common. As polling for the German Marshall Fund shows, they are wary of war, having lived in its shadow for centuries. They reluctantly accept high taxes as the price they must pay for cradle-to-grave welfare services. They enjoy their generous holidays and lengthy lunch breaks. They expect good public transportation and are concerned about the environment. Most have a shared heritage anchored in Greco-Roman thought and civilization, Christianity, and the Enlightenment values of tolerance and secularism -- even if they are not aware of it.

In her 2002 essay, "What Is a European," British novelist A.S. Byatt asked German writer Hans Magnus Enzensberger whether he felt European or German. He replied there were no such people as Europeans but, after a short pause, added, "On the other hand ... if you took me up blindfolded in a balloon and put me down in any European city, I would know it was Europe, and I would know how to find a bar, and the railway station, and a food shop." There is something to this. Standing on the Charles Bridge in Prague, lazing on La Concha beach in San Sebastián, or tucking into fresh goat's cheese at a farmers' market in rural France, you just know you are on the same continent. Standing on an overpass above a 12-lane highway in Los Angeles, waiting for a bus that no longer existed, was one of the few times in my life that I've felt homesick for Europe.

This hardly suggests that Praguers, Basques, and Burgundians are about to shed their local,

regional, or national affinities and usher in the age of *Homo europeanus*. "There is no European people," <u>wrote Geert Mak</u> in his magisterial 2007 book <u>In Europe</u>. "There is not a single language, but dozens of them. The Italians feel very differently about the word 'state' than do the Swedes. There are still no truly European political parties, and pan-European newspapers and television stations still lead a marginal existence. And, above all: in Europe there is very little in the way of a shared historical experience."

This gets to the heart of the matter. "People need stories in order to grasp the inexplicable, to cope with their fate," <u>Mak wrote</u>. "The individual nation, with its common language and shared imagery, can always forge those personal experiences into one great, cohesive story. But Europe cannot do that. Unlike the United States, it still has no common story."

There may be huge differences among the 50 states of America, but at the end of the day Americans feel American and are proud of it. Their hearts beat faster when they sing the "Star-Spangled Banner" or watch their athletes win gold medals at the Olympics. Many are willing to die for their country in far-off wars. Most know, or at least loudly invoke, their constitution and have at least a rough idea of how their political system works. They speak the same language and are obsessed with the same sports.

The European Union has constructed common institutions, laws, and even a currency. It has created all the symbols of a nation-state, including a burgundy passport that places "European Union" above one's own nationality, and a flag, even if it is only voluntarily waved at the Ryder Cup golf championships. It even has an anthem: Beethoven's "Ode to Joy," though it doesn't have lyrics and most Europeans don't know it is their anthem. What it lacks is a people who share a common culture, language, or narrative -- or at the very least are able to identify with the political construct that has been created in their name.

"We have Europe," former Polish Foreign Minister Bronislaw Geremek said. "Now we need Europeans." The problem is that you cannot manufacture Europeans like toy soldiers, and the imposition of artificial political constructs on disparate peoples has rarely ended well. The European Union is different from the Austro-Hungarian and Ottoman empires, the Soviet Union, and the former Yugoslavia in that it was not imposed by force. But there are some similarities: resentment toward political elites in the capital, bruised national identities, and the desire for self-determination in "the provinces."

Here we get to the heart of the eurozone's travails. When the single currency was conceived in the early 1990s, there was a naive belief that by having the same money the nations of the eurozone would somehow converge. In short, the euro would make the spendthrift Greeks more like the parsimonious Germans. Instead, weaker economies simply piggybacked on the strength of the euro, borrowing staggering amounts of money at low interest rates to prop up unsustainable welfare systems and grotesquely inflated housing markets. Necessary reforms -- like making it easier to hire and fire workers, restraining wages, and trimming a bloated public sector -- were simply shelved.

The European Union is a means of peacefully managing differences among countries so that fudged compromises in drab Brussels conference rooms replace skirmishes on battlefields. And it has done this rather well. But compromising on food-packaging legislation and laws on the <u>curvature of cucumbers</u> is not the same as compromising on border protection, defense policy, and taxation. Brits will simply not accept Belgian levels of taxation; the French will never agree to scrap the EU's generous farm subsidies; and no country will send its sons and daughters to fight for European values if it opposes military action -- as Germany demonstrated by its absence from Libya.

"Europeanness remains a secondary, cooler identity," Garton Ash <u>wrote</u>. "Europeans today are not called upon to die for Europe. Most of us are not even called upon to live for Europe." This is the crux of the issue. It wouldn't matter if the EU remained the sort of NAFTA-style trade bloc it was until the early 1990s. But when a state loses its right to veto laws it opposes and decisions are taken

by a majority vote, it loses sovereign control over large swaths of public life. When countries join together to create a common currency with common rules, they have to be able to trust one another to stick to them. And when countries hand over control of their external frontiers to others, as Europeans did in Schengen, they have to feel confident those other countries are up to the task.

It matters to ordinary citizens, too. A poor Briton in a public-housing complex has every right to ask why he should be subsidizing rich French farmers through his taxes. And if a German worker retires five years later than a Greek, that German has every right to ask why she should be paying part of her hard-earned income to Greeks so they can work less. Indeed, polls show that most Germans are fiercely opposed to bailing out Greece, a mood reflected in national newspapers. "The Greeks want even more of our billions!" screamed a headline in the bestselling *Bild* daily in 2010 -- and that was before last year's wave of successive bailouts.

The problem is at least in part a crisis of trust. The Dutch don't trust the Bulgarians and Romanians to guard their borders, so they are shut out of the Schengen Agreement. The Germans don't trust the Greeks to spend their money properly, so they hand it over in dribs and drabs. The Poles and Balts don't trust the EU to defend them against aggression from the east, so they rely on NATO and the Americans instead. And the Brits don't trust Europeans to do anything better than they can, except perhaps dress more stylishly and cook tastier food.

It is also a crisis of legitimacy. The EU has amassed extraordinary powers, but it has done so largely without consulting the people and without many of the basic safety valves we take for granted in a democracy. For example, nobody asked the German people whether they wanted to give up their beloved deutsche mark. The government simply made that decision for them, arguing that a single currency would be bound by strict rules -- which were later torn up by Paris and Berlin -- and that a currency union would not lead to a transfer of wealth from rich to poor states -- which has proved to be false.

In most democracies, if you don't like a government you can vote it out. In the EU system this is impossible. Neither the European Commission nor its president -- the nearest thing the EU has to an executive arm -- is directly elected. The president of the European Council, currently Belgian politician Herman Van Rompuy, was not popularly elected to his post. The two legislative bodies of the EU, the European Parliament and Council of the European Union, are largely made up of elected officials, but few Europeans bother to vote for the former, and changing your own representation in the latter is unlikely to have much impact on the collective policy of 27 nation-states.

Perhaps most critically, the EU has failed to convince voters it brings added value in a globalized world. In recent opinion polls, less than half of respondents in the bloc said membership in the union was a good thing. Fifty-three percent of Europeans do not think their voice counts in the EU, according to a 2009 Eurobarometer opinion poll, while only 38 percent believe it does. And that was before last year's meltdown.

The EU has responded to this wave of euroskepticism by asking for more powers to govern states' political and economic affairs. At a December summit in Brussels, 26 of the EU's 27 countries (with Britain left in splendid isolation) signed on to a fiscal pact that would cap state deficits and punish those that exceed them, give Brussels greater powers to tinker with national budgets, and potentially lead to harmonized tax rates across the bloc. There is some logic here. After all, the euro's current woes can be traced back to the decision taken at Maastricht 20 years ago to pursue a monetary union without a fiscal, economic, or political one. This meant that EU members agreed to common interest rates, inflation targets, and debt levels but were free to decide how much to tax their citizens, what welfare and pension payments to make, and what employment policies to pursue. Sooner or later the system's flaws were going to be exposed and the markets would react, as they have so brutally. Now the EU faces a grim choice: adopt piecemeal measures to prevent the financial contagion from spreading, or create a kind of United States of Europe with common fiscal

and economic policies and a de facto federal government in Brussels.

Neither option is particularly attractive. The former will lead to the probable collapse of the single currency, the liquidation of many of Europe's top banks, and a prolonged recession in Europe and the rest of the world. The latter might save the euro but will further alienate the EU from the people it is meant to represent. And, of course, the bailout will cost taxpayers hundreds of billions of euros.

Supporters of the European Union have often compared the club to a shark: If it stops moving forward it will sink. The goal of an "ever closer union" among peoples and states is even written into the EU's founding treaty, as if it were a historical inevitability. For more than half a century, as the union has grown from six founding states to 27, its members have voluntarily handed more powers to Brussels, and the bloc has never stopped moving forward. The economic crisis could end up accelerating this process of integration, but at what cost to the EU's long-term legitimacy?

"As the European Union advances, it seems we are losing the European citizen somewhere along the way," Joe Borg, then an EU commissioner, said in 2005. If this was true seven years ago it is even more so today, as technocrats replace elected politicians to lead crisis-wracked Greece and Italy and teams of EU and IMF officials descend on Athens and Rome, Madrid and Lisbon, to cajole politicians into making painful cuts.

In the past, EU leaders rarely had to worry about the tedious business of courting public opinion. Not anymore. The prospect of enlarging the union any further rests in the hands of voters in Austria and France, both of which are bound by their constitutions to hold a referendum on the issue -- a stipulation that effectively scuppers Turkey's chances of joining the bloc, given the animosity toward Ankara in both countries. Changing the EU treaty to make eurozone rules stricter, meanwhile, could trigger a popular vote in Ireland, where voters initially rejected the EU's last two attempts to change its treaty.

Shortly before the launch of euro coins and notes in January 2002, Duisenberg, the European Central Bank president, <u>mused</u>, "The euro is much more than just a currency; it is a symbol of European integration in every sense of the word." He was right, but not in the way he might have hoped. A decade on, the plight of the embattled euro seems to encapsulate a broader breakdown of Europe's dreams of a united future. Rather than bringing the European Union closer to its citizens, the currency has widened the gap between rulers and ruled. Instead of ushering in a new era of prosperity, the euro has condemned millions of Europeans to decades of penury. And far from bringing together the peoples of Europe, it is on the verge of tearing them apart.

