

A divided Union

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The European Union has achieved much, but it may now be pushing up against its limits, **says Gideon Rachman**

FOR many centuries Europe was the world's most powerful, prosperous and technologically advanced continent. That period of European cultural and political dominance came to a definitive end with the second world war. In 1945 Germany was defeated and in ruins; France was half-starved and humiliated; Britain was bankrupt and on the point of losing its empire; Spain was a backward, isolated dictatorship; and the countries of central and eastern Europe had been absorbed into a Soviet empire. Nobody would have guessed that Europe was at the beginning of a new golden age.

In 2004, a continent that had been wracked by war for centuries can look back on almost 60 years spent largely at peace. A continent that lay in economic ruins in 1945 is now prosperous as never before. A continent that in 1942 could list only four proper democracies is almost entirely democratic. A continent that was divided by the iron curtain until 1989 now enjoys free movement of people and common political institutions for 25 countries, stretching from the Atlantic coast of Portugal to the borders of Russia.

This new period of peace and prosperity has coincided with the rise of a new form of political and economic organisation. The founding fathers of what is now the European Union—Jean Monnet, a French civil servant, and Robert Schuman, a French foreign minister of the 1950s—were convinced that the origins of conflict in Europe lay in the continent's system of competing nation-states. As Schuman put it, “Because Europe was not united, we have had war.” Those founding fathers were determined to build a new union in Europe that would banish conflict for good. Their building-blocks were economic, but their goals were political.

Starting with agreements between six countries on the pooling of coal and steel resources in 1951 and moving on to the creation of a common market in 1957, the EU has gradually spread into a plethora of activities. Today it is hard to think of a field of public policy in which it is not active. It is involved in everything from foreign policy to immigration, and is reckoned to be responsible for around half of all new laws passed in its member states.

The people who run the European Commission in Brussels like to believe that this golden age of peace and prosperity is directly linked to the rise of the EU. Yet this view is often contested. Peace in Europe, it is argued, could equally be credited to the presence of American troops on European soil, and prosperity to the same causes of economic growth as in the United States or Asia, such as rising productivity and increasing trade. As for freedom, the revolutions in central Europe and Spain, Portugal and Greece were not led from Brussels.

Indeed, say critics of the EU, far from promoting peace, prosperity and freedom, it now threatens all of these achievements. In Britain, for example, Eurosceptics see a direct threat to British self-government and democracy in the many laws emanating from institutions in Brussels over which the British electorate has no control. In Britain and elsewhere, critics also argue that the EU is increasingly responsible for a tide of unnecessary regulation that is engulfing the European economy. And some believe that its overweening ambition may end up causing exactly the sort of conflicts that it has been seeking to eradicate. Martin Feldstein, an eminent American economist, has argued that the launch of a single European currency could cause political tensions culminating in war.

But for now the EU is riding high, with more and more countries seeking to join it. Having started with just six members in 1957—Belgium, France, Germany, Italy, Luxembourg and the Netherlands—the EU now has 25. Its biggest ever expansion was completed in May this year with the addition of ten new members, mainly from the former Soviet block. The Poles, the Spanish and others undoubtedly won their freedom without any help from Brussels. But they all saw joining the EU as a way of consolidating democratic gains and spurring economic and political modernisation. For much the same reasons Turkey and the Balkan countries are now waiting in the wings.

Enlargement should be enough of a challenge to keep the Brussels machine humming for the foreseeable future. But oddly enough, many of the most ardent believers in the creation of a European federation see enlargement as an unwelcome distraction from the EU's most urgent business: to develop into a real political union. Enlargement and political union—"widening" and "deepening" the EU—have often been portrayed as opposing courses, but in fact in the past five years they have moved ahead simultaneously. On January 1st 2002, 12 EU countries ditched their national currencies and adopt a new single currency, the euro; and in June 2004, the 25 EU governments agreed on the Union's first ever written constitution.

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Over the past decade Europe, a continent often accused of sclerotic caution, has displayed a daring political imagination that has produced a run of successes. Javier Solana, the EU's foreign-policy chief, explains: "Our philosophy is jump in the pool, there is always water there."

The trouble with that kind of philosophy is that it can eventually lead to a nasty accident, and indeed the European project looks increasingly troubled. Economically, the EU is falling further behind the United States, and can only envy the dynamism of China or India. Politically, its members have been at each other's throats over Iraq, the management of the euro and the constitution. Perhaps most dangerously of all, the EU is plagued by a lack of popular understanding and enthusiasm.

The penalties of success

The survey will argue that many of the EU's current difficulties stem from its past successes. In post-war Europe,

achieving peace and re-establishing prosperity seemed like urgent and difficult tasks that required political sacrifices. Now, though, long years of peace and prosperity in western Europe, together with the collapse of the Soviet threat, make further European integration seem much less urgent. Indeed, the very depth of the political integration achieved so far has caused something of a backlash as the EU has gained new powers that threaten deeply rooted national traditions. Sometimes this has been in important fields such as frontier controls and fiscal policy, but sometimes, too, it has been in areas that irritate by their triviality.

The post-war gains in European prosperity may also have begun to create their own problems. Rich countries such as Germany and France were encouraged to develop elaborate welfare states which are becoming increasingly unaffordable as populations age. Before the creation of a single EU market and a single currency, such problems could be regarded as mainly national in character. But now they can cause tensions across the Union.

Enlargement is another example of a success that makes the EU a riskier place. By increasing the diversity of political interests and views within the Union, it has made them much harder to contain within a single framework.

European federalists—the heirs to Monnet and Schuman—are well aware of these problems. Some believe that a new impetus for European unity can be provided by trying to build up the EU into a new superpower—a global force that can equal the United States. But so far any moves in that direction have served only to deepen divisions within the EU, in particular over attitudes to America.

The EU's new constitution represents another effort to preserve and deepen European unity, but it too could backfire. For the constitution to come into force, it must be approved by all 25 EU countries. At least 11 of them are likely to hold referendums, and in a few of those, notably Britain, the verdict is likely to be negative. Such an outcome could well provoke a crisis within the Union.

This survey will conclude that the EU may indeed split. But a split need not be a disaster. It could lead to a multi-layered EU in which different countries adopt different levels of political integration and experiment with different economic models. If the EU were preserved as an over-arching framework, it could actually benefit from such diversity. But there is also a darker, if less likely possibility. A split in the EU could cause Europe once again to divide into rival power blocks. That could threaten what most agree is the Union's central achievement: peace in Europe.