



The headquarters of the European Commission in Brussels, the capital of Europe, which is in the eye of a perfect political storm. Flickr photo

# Too Big to Fail? Europe in a Perfect Storm

Jeremy Kinsman

*The European Project was born of a belief that unity among nations on the dispassionate but collectively beneficial business of business would act as a bulwark against the passions that had unleashed two world wars. Veteran Canadian diplomat Jeremy Kinsman writes that, due to a series of unfortunate events, the EU has lost the plot. Can a Brexit be averted?*

**I**s the European Union too big to fail? To break apart? Twenty-eight national governments and their 508 million EU citizens are bound in a system of trade, finance, infrastructure, and common legal and social norms that have made the EU the world's foremost economic power.

But many citizens dislike the very bigness of what seems an impersonal machine detached from their ordinary lives.

The EU Project was, from its beginning, an exercise in thinking big.

Peter Klein was the 40-something desk officer for Canada in the start-up Commission of the European Economic Community, the EU's six-member predecessor, when I went to Brussels in 1968. Klein was German, old enough to have been in the war. His family, childhood home, all his certainties were shat-

tered by history. He dedicated himself to the goal of an end to Europe's wars forever.

The U.S. was torn apart by the Vietnam War, President Lyndon Johnson quit, Martin Luther King and Bobby Kennedy were murdered and cities burned. Generational revolution paralyzed France and terrorism hit Germany. Soviet tanks killed Prague's spring and the Cultural Revolution ravaged China.

I never got Peter to discuss the global fray. I thought a generation gap explained his disinterest. But the gap was mine: his generation had endured Hitler's Germany. Their existential grail was the end of Europe's wars.

The project's founders knew enough to soft-pedal the political goal of leaching nationalism from European psychology. Charles de Gaulle hadn't spent the Second World War fighting for France's political sovereignty just to turn it over in the postwar peace.

The new Europe wouldn't be a federation. Its sovereign peoples would learn the habit of community by working together on functional economic cooperation first. Member states would eventually pool large swaths of sovereignty beyond historic precedent, but retain in their own parliaments the exclusive power to tax citizens and award welfare and other material benefits. Fiscal policies and electoral politics would remain national.

That reality is basic to the EU's woes today. Once citizens grew accustomed to peace among nations, many reverted to their native and competitive selves.

For the first decades, it didn't matter. Ragged things happened—the Algerian War, terrorism of the extreme left and right—but national political ships sailed together on a rising tide of miraculous economic growth that funded a generous and progressive European social model. Citizens enjoyed more peace, prosperity, health, democracy, greenness, and general security than ever in their histories.

The EEC's membership successively widened. Britain's application survived vetoes from de Gaulle, whose

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wartime experience with dismissive and overbearing Anglo-American allies convinced him the British wouldn't live up to a sincere European commitment.

From being just a common market, the project deepened in trans-national ambition. After 1985, national border controls disappeared for most member states under the Schengen agreement. The Single European Act (1986) mandated qualified majority voting, greater political cooperation, and the harmonization of laws.

In 1989, cascading events ended the Cold War and made a unified Germany the new giant of a “Europe whole and free,” ready to welcome peoples the Iron Curtain had cut off from their Western cultural home. The buoyant mood raised Europe's supra-national ceiling. The Maastricht Treaty (1992) called for an “ever-closer Union” and established state-like institutions—an enhanced Commission, Parliament, and Court of Justice—and new councils to deepen inter-governmental cooperation in foreign, economic and monetary, and judicial affairs. Brussels would be the seat of real power.

But there were hiccups from the people. A Maastricht ratification referendum in Denmark failed and barely passed in France. Britain opted-out of the treaty's social provisions. The treaty was adjusted, but populist pushback from national identity-based parties would only grow.

Aiming for economic and monetary union, the ambitious Maastricht Treaty accelerated the creation of a common currency, the euro, to reinforce European identity beyond the flag, the Beethoven anthem, and vast programs for student exchange. Everyday sharing of the same money would hopefully galvanize the habit of popular loyalty to the whole historic mission.

Alas, the euro, introduced in 1999, required more than faith; it needed fiscal coordination. But the original cautionary deal at the founding of The European Project reserving for national parliaments exclusive powers to tax and spend meant that national leaders seeking re-election would call the shots in light of their respective electoral interests. Undertakings in the treaty stipulated limits to government deficits, but there was inadequate verification or constraint. Few delighted euro-users traveling in the eurozone felt the need to investigate the true debt-to-GDP ratios of participating countries.

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A “perfect storm” has come to mean a confluence of unexpectedly negative events, producing a worst-case scenario.

In Europe's case, extended economic downturn made the generous European social model unaffordable for state treasuries. Cutbacks to welfare programs were blamed by national politicians on Brussels. Meanwhile,



some euro treasuries increased debt and, in the case of Greece, misreported the numbers.

EU countries that were in principle “zero immigration” began to experience an immigration problem, due to the EU’s obligation to admit from zones of conflict and poverty refugees whom they did not seek and could not screen for cultural adaptability. In consequence, they integrated them poorly, into succeeding generations. Right-wing identity-based parties sprouted in even liberal member states where it was held that Muslim belief would compromise prior hard-fought battles for gender equality and the separation of church and state.

As post-Cold War negotiations proceeded to enlarge the EU, there was self-congratulation that the EU was delivering democracy in a decisive dose, but for applicants, especially from the east, the qualification process to fit into EU rules seemed humiliating. Across the east, the removal of the Communist canopy exposed old nativist and nationalist enmities.

The terrorist attacks in the US on 9/11 2001 changed the world’s habits and preoccupations. EU countries stood with the US in confronting the jihadist enemy in Afghanistan. When the George W. Bush administration, with British backing launched an unnecessary, dishonestly presented, and ultimately disastrous invasion of Iraq in 2003, eastern Europeans who were courting U.S. support for their security from Russia, backed the invasion against the majority of the “old” EU.

**T**hough divided, the EU launched preparation of an ambitious new constitution. But a turgid and elitist drafting process produced a leaden and bureaucratic document that matched the growing image of a top-down Brussels machine. Referenda in the Netherlands and France rejected the constitution, to the satisfaction of populist identity-based right-wing parties opposed to further erosion of national sovereignty. Conflating anti-Brussels sentiment with an anti-immigration message, they added to the growing storm, as

intimidated national politicians competed in anti-Brussels messaging.

Terrorism at home added to insecurity in July 2005 with murderous attacks on the London Underground by British-born Muslims.

Ten new members joined the EU in 2005. Then in 2007, two more joined; Bulgaria and Romania, whose entry signaled “too much change, too fast” to an EU public struggling with harsher new economic realities.

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A perfect storm needs decisive explosive force. The global financial meltdown in 2008 provided it. As unemployment and deficits soared with economic stagnation and rising unemployment, Greece and other “southern” euro members faced default on debt obligations, amid revelations they had been mis-reporting statistics for years.

The deliberate aversion to fiscal union stemming from the EU’s earliest days enabled such cheating, which was especially resented in Germany—compulsively phobic about public probity and currency stability, and by now the EU’s dominant state. Germany insisted on deep and punishing austerity for Greece. Ultimately, a shocked Euro-zone skated around the crisis and began to reform the mechanics essential for a common currency, retaining public confidence in the euro, while Greeks struggled.

As the urgency of that crisis abated, Syrian refugees blew the storm into a hurricane. Germany met this crisis with humane leadership. But opposition from new EU members seemingly threatened by Muslims jeopardizes the historic achievement of a borderless Europe that needs agreement on strong perimeter defence to survive.

Murderous jihadist attacks in Paris and Brussels, again by Europeans, exposed EU security weaknesses, further feeding the storm.

**W**hat a time to have to confront an unnecessary UK referendum on EU membership decided on for political expediency. Though the opted-out UK is unaffected by the euro and refugee issues, the “leave” side draws emotional support from a sense of retro-nationalism that Peter Klein hoped to make obsolete. Can the government make the “remain” argument with comparable enthusiasm, pitching the EU as a place where Britain will prosper, rather than relying on a campaign of fear of dire consequences? If so, the UK will remain.

If not, the EU would survive British defection. It’s doubtful that England would enjoy Scotland’s ensuing secession or the loss of UK influence in Europe.

The EU is used to uncharted waters. If it surmounts this mega-storm, the future of a less supranational Union will clarify. It will not be “ever-closer” though its core members will tighten some ties. Outliers will still provoke occasional delusional episodes like the current kerfuffle over North American visas.

Polls show public support for the EU, despite disgruntled easterners. The future rests with millennials, at ease with multiple identities, avid for jobs in a humanized and diverse EU that they call home.

It’s a future where Peter Klein could find peace. **P**

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