

C^cavelti

Perspectives

Where the E.U. is headed



It's always interesting to visit Europe. Things American are generally shunned and the European way is praised. Europe, I am always told, is kinder and gentler than the US; less harsh in how it treats its employees, its minorities, its disabled, and so on.

But give the Europeans a chance to focus on their own continent, and dissatisfaction comes to the surface almost immediately. The Germans complain about the huge transfer payments they're required to make to poorer EU countries like Greece or Portugal; the Dutch are disgusted at how the huge payments intended to help impoverished Southern Italy have been lost in Northern Italy's corruption. And so on. Few in the industrialized center and North of Europe feel the European Union has brought benefits, yet most are convinced that the US model is even worse.

Such is Europe's schizophrenia, apparent to anyone visiting, but not to Europeans themselves.

What's there to dislike?

One question I've asked my friends and business contacts overseas: what is it you dislike about America? Some target legitimate complaints. America's heavy-handed, bullying ways; America's hypocrisy on the foreign policy front; America's duplicity in matters of trade. Other criticisms are based on misunderstandings. The US is still seen by many Europeans as a hard-nosed place in which the rich get richer and the poor poorer, in which big corporations rule randomly and in which crime is rampant. All three are true to a degree, but the melt-down of the middle class is as big a problem in Europe as in America, big corporations are getting as powerful on the old continent as on the new, and crime is as serious a problem in Berlin, Paris and London as it is in New York or Chicago.

What's frustrating the Europeans? Few of my contacts volunteered answers, but I believe it has a lot to do with the confluence of America's unrivalled power and the increasing recognition that the EU is not working. I don't want to aggravate feelings by talking about America; suffice it to say that the US military is now stronger than the armed forces of the next twelve most powerful armies in the world combined and that US economic might is unrivalled. Instead, I'd like to concentrate on Europe.

Friction and impasse

I've long predicted there would be three stages in the evolution of the European Union. That of euphoria, that of friction and impasse, and that of decline. I think we've just moved from stage one to stage two. The euphoria stage peaked with the introduction of the Euro, which essentially signals an irreversible victory for Brussels. What ushers in stage two—that of friction and impasse—is the recognition by politicians and the electorate in the key European countries that the Brussels bureaucracy is not acting in their interest and aims to undermine their sovereignty. The most recent policy statement by EU Chief Romano Prodi and the way it was received in Paris, Berlin, London and Rome alike, leads me to believe that this is where we now are.

Three weeks ago, Prodi unveiled plans to bring decisions in key areas, such as defense, foreign policy, immigration and taxation from the national level to Brussels. Chirac, Schroeder, Blair and Berlusconi collectively threw cold water on any such plans. It needs to be said that Prodi is right intellectually: without expanded powers the EU can never operate on the world stage. In reality, however, Europe's key nations will stiffly oppose any further growth in Brussels' powerbase. The result will be two-fold. On the one hand, Europe's main powers will be forced to battle the Eurocrats in Brussels. The Eurocratic establishment, for its part, will be forced to keep expanding the Union in order to exert its influence. This dynamic will be crippling and will inevitably lead to the third stage of the EU: its decline.

The fiscal burden of maintaining what is essentially a dual government--i.e. one in Brussels and one in each sovereign nation—is already devastating. In addition, in order to project its power and become a global player, the EU will have to spend a huge amount on building a credible military force. The squeeze will be further exacerbated by the Eurocracy's need to expand. Like the Ottoman Empire and the Austro-Hungarian Empire, the European Union will absorb weaker and weaker territories, with the effect that the feasibility and strength of the whole will gradually be pulled lower. This effect will be further exacerbated by the EU's unique concept of penalizing the most successful member nations in order to subsidize the lesser economies.

Which brings me back to America. I agree with many of the criticisms of the US voiced by my European friends. But I see greater problems ahead for Europe. The current situation reminds me of the 1970s when many people predicted a rapid decline for America. With justification: the US pursued a fiscally reckless policy, had millions of discontented and openly rebellious city dwellers, a terrifying crime rate and countless other social problems. It seemed the rest of the 20th century would be for Europe to claim. Yet Europe continued to lag—not because America did anything particularly brilliant, but because of Europe's ineptitude. Most European nations took a bet on interventionism that disastrously failed and left the continent at an alarming disadvantage, not only in economic, but also in social terms. Welfare regimes intended for the needy are exploited by armies of people who simply prefer not to work, health care is starting to falter, and racial tensions and crime are sharply on the rise.

The crisis will continue

As I end my Europe trip, my conclusion remains the same as when I started out: unless Europe starts articulating its future in positive terms (rather than defining itself as not wanting to be like America), its crisis will continue. Its social structures will further deteriorate as fiscal pressures mount; its economy will gravitate between brief periods of tepid growth and painful, lengthy recessions. Right now, the emphasis is on recovery—but already, the recovery lives on borrowed time. □

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