

Europe in trouble – Does the European Union promote or hinder the success of Europe today?*

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Roger Bootle:

The Trouble with Europe – Why the EU Isn't Working, How It Can Be Reformed, What Could Take Its Place
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Roger Bootle, one of the best-known economists of the City of London, winner of the Wolfson Economics Prize, and a weekly columnist for the Daily Telegraph, explores with frankness and without regard for taboos the economic and political factors that he thinks are causing the current crisis of the European Union. It is the conviction of the author that Europe today is in trouble: it shows several symptoms of an operating crisis, its competitiveness and economic results are lagging behind the objectives determined by political decision-makers, it has serious social problems, and there are significant debates about the nature of the therapy as well. According to Bootle, there can be no doubt that Europeans want a successful, strong Europe, and this is already a commonplace at the level of declarations. However, he thinks that currently there are very few guarantees for how and with what tools the objectives serving the interests of the European citizens can be achieved.

The European Union has reached a point of decision. Its entire operation until now and the successes of the early decades point in the direction of a complete political union as the almost sole, alleged possibility for a next step, which would finally result in a United States of Europe. This is the direction that can be assumed the most in the euro area, which forms a tight economic and financial community, in which budgetary and political union urgently need to be implemented. We feel that it is just around the corner, but in reality the distance is further. According to the public opinion of today, “more Europe” means deeper and wider integration. It assumes that the current direction and content of the operation of the EU is essentially correct, that this process merely has to be taken further horizontally and

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vertically, that it also has to be extended into areas not yet affected by the common jurisdiction and has to be made more profound in the existing areas of integration. According to the assessment of the author, however, the European Union can today be considered as an institution which operates defectively, and even more so if we expect from it solutions to future challenges. Fundamental reforms are necessary or disintegration will follow; these are the alternatives, according to Bootle.

The dismay after the world wars of the first half of the 20th century, especially after World War II which caused such vast destruction, and the quest for peace led in the direction of creating the European communities. Nothing similar can be allowed to happen again: this was the basic feeling. Rivalry between nations can be solved by co-operation between nations. This was one of, if not the most important motivations of the European Union. Another very strong fibre in this fabric was the fulfilment of a civilian European ethos, capable of implementing solidarity as well, based on the common European ethic that is strong and competitive, in a reconciled and peaceful environment.

Jean Monnet was a federalist. Robert Schuman conceived Europe primarily as a community of values. According to him, Europe could not even be implemented at once, based on a single plan, specific steps are necessary, such as solidarity implemented in the social structure first within nations, then within the member states, for which the common value system is essential. But when we lose our faith in Europe, in the values specifically defining our continent, we then are already on our way to disintegration. The road of European Union is the road of permanent change. During the process of construction which started after World War II, we always had to exercise the necessary deliberation, the ability of correction, and the capability of continuously taking into account these basic values. By contrast, today we experience that Europe has lost its self-identity and questions its basic values; its vision of the future is uncertain, but it is propelled by inertia, without real controlling mechanisms.

Weakening Europe today, paradoxically, occurs with exertion of strengthening. How can Bootle state this? If we assume that everything is in order with the operation of the European Union, we can continue this avenue safely, Europe will be increasingly strong and successful. But if we notice that the current structures no longer ensure efficient operation, the further operation of those in an unchanged form and extending them to other areas, in fact, weakens the common building, and instead of building a robust European house, it will sooner or later collapse because of the further floors built on the weakened foundations.

According to Bootle, there are “faiths” in connection with European Union that are not sufficiently well-founded, which we always refer to, yet we do not pay attention to what we mean by them and to deal with the contents of these. Today union is

essentially promoted by faith in five matters: the desire to avoid another war in Europe; the faith that the natural condition of Europe is the union; the concept that size indeed matters in economic and political affairs; the notion that European union is necessary so that it can be a worthy competitor to Asia; and the thought that European integration is somehow inevitable.

The desire for peace recalls the world of Pax Romana, when the original natural condition of Europe was the union of the Roman empire, the period when Europe was actually created, when it integrated Greek philosophy, created Roman law, admitted Christianity: that is to say, it created a European culture. This union was broken apart with the fall of the Roman empire, although it lived on culturally and in its value system. During the time of the Cold War, Europe was divided between the Soviet Union and the US: its eastern half was a Soviet bloc, while its western half was a sphere of influence of America. A united Europe has become a factor to reckon with, forming a counterbalance to the great powers. With the disintegration of the Soviet Union and the weakening of the sole hegemony of the US (despite the fact that it is likely that the US will retain its status of great power in the long term), the fear of Asia or rather taking Asia seriously have been placed on the agenda. A fragmented Europe risks lagging behind compared to the emerging new power centres.

In addition to competitiveness and economic considerations, however, there is another faith less supported by scientific arguments, according to which increasingly deeper and wider integration is the natural way of development. Thus, the European Union starts to show a religious nature, its sacred texts are the Treaties, its patron saints are Monnet and Schuman, and its final goal is the United States of Europe as the source of salvation. This type of faith feeds the European bureaucracy and forms the operating model burdened with a democratic deficit.

The realities show that Europe cannot be considered as a uniform area and community – in the social, economic, cultural or legal sense – that could be without the possibility of national clout even in the medium term. This European interest prevails via the national filter also in the case of the bodies qualified for representing primarily European interests, and this method does not result in significant conflicts if there is a common European value system that represents a common foundation for all the member states, and the European Union also remains along the competencies that are necessary and sufficient according to the principle of subsidiarity so that they can build a successful and strong Europe. Not despite the member states and not by overshadowing them, but instead by retaining diversity, yet along a value system, manifesting a united Europe in the global space.

The combination of economy, politics and culture produces Europe. The successes stemmed from past performance, while the present and the future are full of

challenges, since the operation of the European Union today is characterised by an identity crisis, badly organised and weak performance of its institutions, overgrown legislation, and at the same time decreasing efficiency, and alienation from the European citizens. The operation of institutions constituting a community may be inclusive or extractive. In the inclusive model, serving the common good is in the centre of operation of the institutional system, whereas the extractive operation is more elite in nature, serving interest groups. The operation of the EU is increasingly similar to the latter.

The first decades of the European integration, from 1957 to 1973, were characterised by strong economic growth: average annual growth within the community was 4.9 per cent, but in the case of countries outside the community and of similar development, growth was also more or less similar to this. Therefore, the cause of growth of the member states was not that they were members of the European Economic Community: the early successes of European co-operation stemmed primarily from the fact that the member states were successful. This may provide a lesson for current operation as well. Today, the decline in Europe is stronger than in other parts of the world, e.g. in Asia. Average growth in Europe fell to 1.6 per cent in the period between 1980 and 2012. The main reasons are that the European member states became increasingly comfortable, economic competition among them became less important, and creativity and mobility declined.

Today, economic and monetary union, the common currency, are in the focus of European integration, and – according to Bootle – it is possible that the euro will be the cause of the collapse of the union as well. It was not inevitable that there should be a common European currency. This type of integration occurred too early and went too far. The euro is used collectively by sovereign states, over whose political decision-making and budget there is no adequate influence. The euro area is like a semi-finished house: there is monetary and economic union, but the financial (budget) and political union are not parts of this. Naturally, we can debate whether complete political and budget union is good or necessary, but if a decision was made about the introduction of the common currency in the framework of the economic and monetary union, all the consequences of this have to be taken into account.

This pessimistic state of affairs does not necessarily mean that there is no chance for positive movement forward. The possibility of growth and development potential is given, we should simply realise it. The balanced representation of interests and finding the necessary compromises would be necessary. The European Union has already created many values and it still currently carries a lot of values that do not justify that its discontinuation should even be discussed. However, more and more people think that it is in need of fundamental reforms.

Will the weakest links break or will the overly strong participants leave? Will a multi-speed Europe evolve, where the member states actually matching each other constitute a closer community? Or will the already excessive community jurisdictions have to be narrowed, only retaining the necessary and sufficient community jurisdictions along the above mentioned principle of subsidiarity? Intervention there should be rational and actually assisting. Or should co-operation be strengthened in precisely the areas of foreign and security policy, still now handled as unfavourable areas, so that Europe can exhibit a uniform face and sufficient force as an important participant that can be taken seriously against the threatening challenges of our age (terrorism, migration crisis). Europe also has to deal with a very serious demographic crisis, and the continent is already in a near-crisis situation in this area, and unfortunately it is not likely that this trend will turn round soon. The agreement of France and Germany was necessary for starting the European project after World War II, and these two large member states have retained their leading role ever since then. The commitment of France and Germany is also essential for the success of the reform amid the current crisis phenomena of Europe. The other member states can, however, be promoters of the success of the European reform process, especially if they are capable of closely co-operating with each other in representing their values formulated jointly.