



At first glance the European Union appears to be a large, clumsy, somewhat ridiculous but ultimately fairly benign town hall. It is Benito Mussolini's Fascist Italy, compared to the Nazis or Communists. Annoying, stupid, staffed by self regarding and self-satisfied bureaucrats, but not really that worrying. A sort of Uber-local council. A waste of money, but not much more. But take a second glance. The EU's leaders clearly intend to make Europe a single unified state under one central bureaucracy, and they will need to eliminate national sovereignty to do it. Why do dozens of countries, some with hundreds of years of history of jealously guarding and fighting for their independence all appear eager to be part of it? What's going on?

FRANCE — GERMANY — EVERYONE ELSE

If we want to understand what is happening in Europe today, the first question we have to ask ourselves is why the European Union exists.

The European Union has always been driven by the Franco-German axis — it's not a community of over a dozen states, it's those two plus some extras. Two and a half if you count Italy. The Germans are in it to atone for World War II and to prove that they are no longer a threat to everyone else. The French are in it as a means of getting the economic and political power to fulfil France's destiny to lead the world — to be achieved by French intelligence directing German economic muscle. The Italians have joined because they want to swop their own basket case economic and political system for something more respectable, while individually they're left free to make money. Every other country is in it essentially for the handouts (even France gets more out than it puts in), although some originally joined to exert external control over their own politics to lock out dictators (Greece, Spain), and because if you are Luxembourg it's nice to feel important. None of these countries are bothered by European rules or corruption the way the British are, for two simple reasons. One: if you are France or Germany you are making the rules. Two: everyone, including the French and the Germans, simply ignores the rules they don't like, and rake in the money.

The European continent has a long tradition of intrusive, bureaucratic governments under the Code Napoleon, the Bismarckian

welfare state and numerous more recent dictators of varying degrees of benevolence. They have learned to deal with these things by personal contacts which allow them to ignore the rules, whose purpose is to protect it against and to discriminate against those without personal contacts. (In this respect the ex-Communist countries should fit in well.) For example, if you are an Italian, European corruption is hardly likely to bother you. The Italian economy works as well as it does because the Italians have developed a form of ersatz-libertarianism simply by ignoring their governments as far as possible. If you're going to store your money under the bed instead of in a bank, you want notes that will hold some value, so give the Italians a strong currency (the Euro is strong, compared to the lira) and they are happy.

Ireland isn't part of continental Europe, but it has its own tradition of ignoring British governments, as well as plenty of home-grown corruption to compare with other European countries.

The above description of the EU is exactly that, a description, not an attack. Although Euro-politics are often described as "mad" in the British press, there is always a rationale behind them, just as there is always an internal logic to a madman's delusions. Every country is in the EU for logical reasons, in the hope of gaining something worth more to them than what they put in, be it money, prestige or influence.

THE EU NEEDS BRITAIN

The exception on every count is Britain. Our entire historical thrust is contrary to the European project. We look outside of Europe not inward, for trade, influence and power; we have Atlantic and colonial links; we have a tradition of common law, adversarial rather than inquisitorial justice; and (by comparison) an uncorrupted civil service that makes European law onerous to us to a degree that most other Europeans find bizarre — because only we enforce stupid rules. And we alone fail to receive anything commensurate with the wealth and sovereignty we put in, even by our own evaluation. If we joined to exert influence over the behemoth growing South and East of us, one does not have to be a "Euro-sceptic" to see that we have achieved very little.

But the picture is about to change. The EU is entering the gravest period of crisis in its history, even as it portrays itself as expanding confidently eastward, and deepening its ties with monetary union. There are two fundamental reasons why it now faces a struggle to survive that its leaders refuse to acknowledge. The first is the simple but absolute fact that the generation of continental political leaders forged by Europe's experience of World War II are finally passing away — and with them almost all the original impetus for European Union, the fear of another war. Second is the even more simple fact that, by two of the most important standards by which the people of liberal democracies judge their governments, the EU is a failure. It is not remotely democratically accountable, and it has not improved Europe's economy relative to the rest of the world. Instead it has swallowed ever more money in bureaucracies that pervert the market, the Common Agricultural Policy being perhaps the worst such example of all time. This last problem becomes ever more urgent as the EU attempts to expand and absorb poorer countries.

The result is that the EU now needs Britain desperately, for three reasons. The European economy is not doing well — at its best it's barely above America's at its worst. Much as they would hate to admit it, I suspect that the top European leaders — certainly the bankers and business leaders — know that they need an infusion of Anglo-Saxon free marketeering. We can provide that and be blamed for it, without letting it go too far. Secondly, if the EU aspires to be a world power (translation: French-lead balance to America) which it certainly does, we are needed both because of our invaluable links to the world's only superpower, and because we have the only credible armed forces in Europe. (How long that will last is a separate story.)

But it is the third reason, although the least important objectively, which is the most important in the introverted world of European integration. We are needed to come in, meaning into the Single

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FOR LIFE, LIBERTY AND PROPERTY

Currency, to provide credibility to “The Project” — the project of European integration into an eventual single federal state. The underpinnings of Euro-federalism are falling apart, and the current leaders know it. The political legacy of World War II and its aftermath fading, and decades of Euro-propaganda have not been sufficient to create more than a skin deep Euro-patriotism amongst the next generation. The Germans are getting sick of paying for the whole thing — or at least if they are going to pay for most of it, they feel they should be having a greater say in running it. This feeling becomes stronger as rising unemployment makes paying the bill more painful. The new generations of Germans no longer feel guilty about a war they had nothing to do with, and which they feel, not unreasonably, their country has now atoned for.

But if it is the Germans who lead the EU, the whole point of it is ruined from the French point of view. The loss of German war-guilt is a disaster for France, definitely comparable to and probably even worse than the loss of Alsace-Lorraine in the Franco-Prussian war. Meanwhile, as tension grows between France and Germany, the development of even a halfway reasonable political system in Italy undermines Italy’s reason to be in.

THE IRISH WON’T ACCEPT A NEW OPPRESSOR

Yet surprisingly it is a small country, Eire, which may pose the biggest problem.

The Irish have always been in the EU for one reason only, pure and simple — money. (The chance to sit as equals with and annoy the British is merely a welcome extra.) There is absolutely no sentimental attachment to the EU project in Ireland. The yes vote for Maastricht was based entirely on the proposition that it would mean over £100 per family in handouts and subsidies. No Irish politician ever has or ever would suggest that the Irish people should accept something they don’t like simply in order to be good Europeans. (Try seeing how far you get as an immigrant attempting to claim European asylum rights in Ireland.) The Irish didn’t throw off the “English oppressor” to hand over their sovereignty to Europe. Buying Irish support worked as long as Ireland was poor compared to the rich central core, but Ireland is now a tiger economy — free-market, low tax, *Anglo-Saxon* — which has motored ahead. It is rapidly becoming one of the wealthier countries in Europe *per capita*.

Meanwhile the European union wants to expand eastwards. The Germans want economic *lebensraum* in *der Ost*, and the Union needs to expand to maintain its credibility as a would be super-state. It calculates that, like China or Russia, sheer size will make it important. These are not encouraging precedents, but Eurocrats are obsessed with numbers such as population or area, usually compared to America. Besides which the EU benefits, like the UN, from the media big thing syndrome — this is big, so must be good. The UN is routinely quoted as the standard of international probity, against all examination of its history or structure. In fact the morals of the UN are merely the average of those of its member states, which considering that until recently the majority were dictatorships is not very high. Likewise the EU, and the separate entity of the European Court of Human Rights, are quoted as standards of humane legal judgement, even though neither is composed of particularly wise or notably honest individuals. Like so much in the EU, this attitude is a hangover from World War II.

But here comes the crunch. The moment Europe starts to expand eastwards, Ireland goes from being a net consumer of subsidy to being asked to cough up. And the moment that happens, Ireland waves good bye. The Irish are quite capable of rationally deciding that the Union is no longer to their benefit, citing the threat of planned Euro-nannies to their neutrality as additional justification, and leaving. Ireland is certainly self confident enough to go it alone, and the recent angry Irish response to criticism by Euro-officials of Ireland’s “overly competitive tax cuts” was merely a foretaste of the Irish attitude towards interference from Brussels. The Irish voted a very definite “No” to the Nice Treaty, because they knew it meant they would be asked to start paying. This

“No” votes has been presented by the pro-European press as some kind of mistake, as thick paddies failing to understand the importance or substance of the treaty. But the Irish understand *exactly* what the Nice Treaty entails, and made the absolutely logical decision to refuse it.

Hence the feverish insistence by Euro-federalists that all moves towards integration are irreversible. Indeed it is blithely stated that the EU must push ahead anyway — a clear indication of the worth of referendums that don’t reach the correct answer in the EU. Both the Commission and the Euro-press — I recommend the *Guardian* and *Independent* as good examples — seem to have a Marxist understanding of democracy in Europe. The true will of the people is that the EU must push on along “The Project” and if the people are so stupid as to vote the wrong way, their apparent wishes should be ignored in favour of their “real” interest.

But what can Europe do to Ireland if it leaves? The vast majority of Irish export trade is with two countries, Britain and America. It is hard to see the British people supporting in any way a trade embargo against Ireland to punish it for leaving the EU. Even if the British did, the USA could and would easily take up the slack. In any case punishing Ireland would certainly mean taking on the USA, and, much as the French would hate to admit it, European integration has relied heavily upon tacit American support. (Not in Germany or Italy or anywhere else is there the visceral anti-Americanism of France). So Ireland cannot realistically be prevented from leaving. But if Ireland leaves all the most cherished myths of European integration are exploded — that it is inevitable, that it is the wave of the future, that integration is irreversible, that it’s such an intrinsically great idea that no one could want to leave, or survive if they did. So if the Irish can’t be compelled to stay, they must be bribed to stay. But how can Ireland be bribed to stay if the EU needs even greater funds to expand east?

THE EU VERSUS REALITY

The same logic applies to a lesser degree to all the countries bribed into the Union. If they won’t start paying their own way, and extra for their poorer eastern neighbours, the increased costs must be borne by the big four — Germany, France, Italy, and Britain. Not good. None of their electorates will like this. The hope that Tony Blair may be willing to buy some improved European credentials might be the federalists’ best hope. It’s a slim one. Tony may be a Euro-federalist at heart (he’s more of a Christian Democrat than a Socialist). But, unless he calculates that his personal political future lies in a strengthened Europe (which is always possible), he’s not going to do something so deeply unpopular as to give billions of extra pounds of British taxpayers’ money to Europe.

There is one especially ironic further long-term problem — as yet unlikely to occur, but becoming less so. The old “East Europeans”, left out in the cold for so long by a dithering European Union, may decide in the end that the EU is too expensive. The sight of Poland or the Czech Republic telling the EU that it’s not worth joining would be a deathblow to European credibility.

So overall the European project is facing some very big problems. The EU is an isolationist bureaucracy, so don’t expect it to adapt to reality. It is just conceivable that the EU may fundamentally reform itself, and virtually eliminate the CAP and other cash cows. The survival instinct of big bureaucracies should not be underestimated. More likely is that the EU will denounce reality for being wrong — until it implodes. Hence the urgent desire to push forward now.

THEN WHAT?

However, the big question is more likely to be what happens after the EU breaks up. Does it evolve towards a pure free trade area? Or does it split into isolationist blocs? A lot may then depend upon the lead given by Europe’s only committed free-trader, and the only major country with strong enough external links fully to weather the storm: Britain.