

Break up the EU... before Europe breaks down completely

Mike Guillaume

“*The Final Countdown*” was a song played by a (Swedish) band called... Europe, which topped the charts in the 1980s, not long after Beethoven’s “*Ode to Joy*” was adopted as the then EC (now EU) anthem.¹ How many “Europeans” know this anthem? How many just know there is one? One thing is for sure, the countdown to the end of Europe as we know it has begun. When and where did it start? On the streets of Greece or in a tower in Frankfurt, in a post-wall Berlin or behind a fence on the Hungarian border? It doesn’t really matter. Whatever top Eurocrats may say, the EU is spiralling downward and there’s no way to stop this trend, either by holding the nth Franco-German summit or by signing or amending another treaty.



¹ Listen to “*The Final Countdown*” (Europe): <https://www.youtube.com/watch?v=9jK-NcRmVcw>; “*Symphony No. 9: Ode to Joy*” (Ludwig van Beethoven): <https://www.youtube.com/watch?v=BVL7gLwzct0>.

Let's start with a disclaimer (sort of). This is not another piece from a *"Europhobic nationalist populist extremist"*. (The words "anti-European" and "Euro-sceptic" were apparently no longer strong enough and are increasingly being replaced in pro-EU mainstream media with "Europhobic" -preferably coupled with other negative adjectives- to discredit anyone raising doubts about the EU course.) For those who know the author, an anti-European bias in his views is quite unlikely. I studied European politics and economics, did some research on the European Monetary System when this was still a fledgling, taught managers and students how to get prepared to the Single Market, was a managing consultant in a few European programmes (yes, some of these were successful e.g. on innovation, renewable energies, relations with Southeast Asian countries). Besides, my current business in investor relations and financial reporting certainly draws some advantages from the EU and the euro (not least because I'm sharing my time between the UK and the Continent). Politically, I regard myself as a progressive liberal with strong environmental concerns. To sum it up, I wouldn't be blacklisted as an anti-European hardliner. Never an enthusiastic Europhile, for sure, but, to quote John Major (yes, he is quotable), *"more a European in my head than in my heart."*

Europe? What Europe?

The only indisputable definition of Europe is geographic, i.e. a continent. The rest is, literally, history. History that may repeat itself, though.

When did Europe "exist", at least to some extent? Under Julius Caesar, Charlemagne - named by some the "Father of Europe", and giving his name to what used to be the main EU Commission building-, Charles V, Napoleon and Hitler. Yes, Hitler, who was aiming at *"Neuordnung Europas"* (*"European New Order"*) by getting rid of *"a clutter of small nations."* Curiously -or not, in 1964 Walter Hallstein, first president of the European Commission, said: *"The aim of Europe is and shall remain to prevail over the individual nations and to organise a post-national Europe."* Let's bear in mind that in a not-so-previous life, Hallstein was an eminent lawyer in the Nazi regime. Looking back, it's easy to note that Europe as something structured -call it a community, a union, a federation, and most often an empire- has never been more than a hiatus (if we can say

so) lasting for more than one or two decades. A bureaucracy mainly based in Brussels has taken emperors' clothes in another attempt to reinvent Europe as an economic and political "reality" that will at least go down in history as the longest period of "union" (except the Roman Empire), beginning with six member States and ending with... (Fill the dots with your prediction.)

Now the Emperor has no clothes and the feelings of a growing number of Europeans (now probably a majority in many places) go from disenchantment to contempt, from disapproval to dislike, from rejection to disgust. For years, Eurocracy representatives were able to sell Europe by saying "*All's for the best in the best of all possible worlds*" (as Dr Pangloss in Voltaire's "*Candide*"). That was easier to buy in golden years, on top of growth, consumption, liberalised markets, easy money and other benefits from the Europeanisation-Globalisation mix. The Juncker, Merkel, Verhofstadt, Schulz et al. might sing the same tune in a different way today but the choir is decreasing in numbers and the reception is now much colder. So much for the ode to joy. And not only from the Farage, Wilders, Orban, Le Pen, True Finns and the like. An advocate for a European Republic (and thus a true Europhile), Ulrike Guérot, member of the European Democracy Lab, said: "*Somehow, not one of us can imagine a future without Europe, living as we do all together on the same continent; but somehow this Europe, this EU, has reached its end. It is exhausted, incapable of reform... A dying political model – a model which some are now protesting fiercely against.*" Take Britain only, long-time Europhiles now share doubts too. George Monbiot says: "*Everything good about the EU is in retreat; everything bad is on the rampage.*" For LSE professor Alan Sked, who moved from UKIP to New Deal, "*No progressive can support EU membership after the Greek debacle.*" Nick Cohen thinks the EU is portrayed "*with some truth, as a cruel, fanatical and stupid institution.*" John Airs says that "*the EU now is beyond redemption.*"² The same scepticism keeps on growing on the Continent, from right to left.

What's wrong?

² "*British progressives and the European Union: should we stay or should we go?*" (Guardian, July 16, 2015).

Reviewing the few pluses and the many minuses of the EU as it is now would take an entire book. Let's just address a few cases in point.

➤ **The utopian European dream.**



For those who had dreamt of Europe as an imaginary place in which (almost) everything would be perfect, the multiple crises and obstacles of the last decade(s) have sounded as wake-up calls. Old-style Europhiles are ghosts of the 20th century and have been replaced by cold self-opinionated and self-satisfied bureaucrats whose main job is to administer and for which the word Eurocrat is thus perfectly suitable. Barroso, Juncker, Van Rompuy, Trichet, Draghi, to name but a few past and present among the top brass only, aren't dreamers and hardly make people dream of a land of milk and honey (CAP permitting!). Those who are still running on the chimera of a European paradise may always take comfort in meditating on the meaning of the EU flag, very close to the crown of twelve stars of the Blessed Virgin Mary, and reminding them that European construction was primarily a Christian democratic thing. Others may go for a pang of nostalgia and remember the "*Song for Europe*" (composed by Roxy Music in EC days): "*Nothing is there for us to share but yesterday.*"³ For the Greeks, as for the millions of unemployed youths, the dream is a nightmare. For the hundreds of thousands flowing

³ Listen to "*Song for Europe*" (Roxy Music): <https://www.youtube.com/watch?v=u47h9fDGKxg>.

in, the EU itself matters only for open borders, less than a few select (?) countries for preferred settlement. That tells us much. The European dream is shattered.

➤ **Calling Europe? What's the number?**

Many remember that joke by Henry Kissinger. It took a string of talking shops and treaties to give an answer made up of another compromise, i.e. a number of presidents and high (and less high) representatives. However, a number with 49 as dialling code and a direct line is still certainly more appropriate, whether to talk politics or money. There's no such thing as European leadership. Set up to avoid wars, the EC and then the EU has been mainly built upon the Franco-German relationship (named "duet", or "couple", depending on the community of interests or the intensity of feelings), which often seems to rule the EU de facto, at the discontent of other member States who sometimes dare to complain before following suit and closing ranks. Now, even a "reluctant hegemon",⁴ Germany is the sole leader, full stop. What if the leader does it wrongly? It's a house of cards. The disastrous mismanagement of the refugee crisis showed a caricature of this, with Angela Merkel welcoming on her -and Germany's- own (and violating Schengen's registration rules, by the way), François Hollande taking a back seat, opposition from a few member States, and then an almost complete alignment (before a U-turn in a chain reaction). Stanley Kubrick once said: *"The great nations have always acted like gangsters, and the small ones like prostitutes."* The eurozone crisis has also illustrated this perfectly.

➤ **Euro-mess for Europeanness?**

Except for travel agencies (but not necessarily travellers), bankers (as usual) and, naturally, German exporters (supercharged with the new currency), where can the real benefits of the euro be found? Let's forget the numbers for a while and try an official source: *"The euro was created because a single currency offers many advantages and benefits over the previous situation where each Member State had its own currency."* This is what you can read on the Economic and Financial Affairs web pages from the European Commission. Then follows a series of generalities, (half) truths, tautologies and astounding statements: the second paragraph stresses *"Improved economic stability and growth"* as a *"benefit of the euro"*; while about fifty lines below one can read

⁴ *"Europe's reluctant hegemon"* (The Economist, June 15, 2013).

that “*the euro does not bring economic stability and growth on its own.*” Well, that sounds like a communiqué following another EU summit. Many of the supposed benefits of the euro didn’t come from the currency itself but from economic policies and market conditions. According to the European Commission (same source as above), the euro is (was) also supposed to be “*a tangible sign of a European identity.*” The reality check is hard, and not only in Greece. In 2012, ECB’s president Mario Draghi said he would do “*whatever it takes*” to save the euro. This statement brings the currency where it belongs: a political currency without (much of) the economics –with a lot of money involved that’s better still. By the end of 2015, more than one trillion euros will have been created under QE (“quantitative easing”, to ease what?). Add the various rescue plans and you reach giddy heights. No wonder an economist at Barclays once said that “*Draghi is the real president of Europe.*” Let’s rest our case here and wait until the next developments. Up to now, the euro has put large parts of the EU economy in a mess and, instead of cementing it, is breaking down the remainder of Europeanness as a result.

➤ **The not so united states of Europe.**⁵



The first building block -a coal and steel community created in the early 1950s- was said to be “*a first step towards the federation of Europe.*” Where are we now? In a hybrid of a confederation, partnership and union. Among Europhiles, a bunch of “federalists” keep on hammering about transferring more powers to Brussels. According to these “Hamiltonians”, when EU policies aren’t working, more EU should be the solution. Or: if it’s broke, don’t fix it! That goes against the subsidiarity principle promoted some time

⁵ Subheading directly inspired by the title of a book (in French) by Coralie Delaume: “*Europe, les Etats désunis*” (Michalon, 2014).

ago to prevent the drift towards a “super-State”. Ironically, some of those federalists use(d) to be advocates of decentralisation in their home country. Things -dare we write history?- are moving in an opposite direction. In the UK, Italy, Spain, Belgium, regionalists are on the rise. In France, Finland, The Netherlands, Sweden, Hungary, Austria, the Balkans, etc., nationalists are making progress and sometimes gain seats in governments. Only a rare level of self-delusion -not far from the sphere that was prevailing in the French Ancien Régime or in the Soviet nomenklatura- prevents Eurocrats and Europhiles to see the truth: there’s no such thing in sight as a European state, and even less a European nation. That’s probably why “*United in diversity*” was adopted as the EU motto in... 2000. But who knows this? And what happened? In conjunction with globalisation, europeanisation has transformed daily lives and diluted differences at worrying pace: from farming (same meat and fruit everywhere) to restaurants (almost the same decreasing sense of service in Southern Spain and, say, Northern Sweden), from regulations (an estimated 65 per cent of Westminster legislation originates or is influenced by Brussels) to... deregulation (where the EU took a leaf from UK’s books, by the way, for better and, above all, worse), from customer service to price (courtesy of euro too), etc. An “*ever closer union*” has become the motto of the Euro-elites, while it is increasingly rejected by the peoples.⁶

Supranationality as imagined by the founding fathers (who were including a number of former nationalists turned euro-nationalists) can work in small doses, but certainly not by denying the national -or regional- factor. The so-called united states of Europe are - and should remain- a chimera.

➤ **Necessity, democracy and tyranny.**

⁶ Two LSE professors write: “*European identity could play a role similar to that of American identity, uniting people by transcending borders... A superordinate identity eliminates the effects of parochialism, nationalism and group identity*” and regard this as a positive trends towards a fairer distribution of income. Joan Costa-Font and Frank Cowell should have a closer look. (<http://blogs.lse.ac.uk/euoppblog/2015/10/22/how-european-integration-influences-the-way-we-think-about-redistribution-of-income/>)



A late discovery for some, a rude awakening for others, the project of European unity has never been democratic, or at least had little to do with democracy. Worse than that, some of the founders and original leaders hardly qualified as democrats. A few decades later... Many, and not only in Ireland, remember the Irish rerun. *“There can be no democratic choice against the European treaties,”* said bluntly Mr Juncker about the nth vote in Greece in the summer of 2015. Before the French referendum on the EU constitution in 2005 the same Mr Juncker had already predicted that Europe would ignore any popular rejections: *“If it's a Yes, we will say 'on we go', and if it's a No we will say 'we continue'.”* In a similar vein, EU Trade Commissioner Cecilia Malmström said in October 2015 about the controversial TTIP: *“I do not take my mandate from the European people.”* As John Hilary wrote in The Independent: *“In reality, Malmström receives her orders directly from the corporate lobbyists that swarm around Brussels... no wonder... negotiations are set to serve corporate interests rather than public needs.”* This is another side of the story: EU elites work not only to defend the EU policies, but also to preserve their own interests and serve markets' demands. Doing that, they look like a mix of Soviet bureaucracy, Louis XIV valets (without a Louis, though) and corporate lackeys.

The existing EU institutional framework is an embodiment of what Colin Crouch has named post-democracy: *“You can always vote, but you have no choice.”*⁷ From Dublin banks to Spanish suburbs to the streets of Athens, we've seen the limits of European democracy, if any. In an unlikely version of the Eagles' song (call it “Hotel Europa”), Greeks were told repeatedly, in the name of unity and necessity: *“You can check out any time you like but you can never leave.”* As William Pitt put it in Napoleon times:

⁷ Colin Crouch: *“Post-Democracy”* (Polity, 2004).

“Necessity is the plea for every infringement of human freedom: it is the argument of tyrants; it is the creed of slaves.” Doesn't the complete capitulation of Greece to creditors' conditions border on modern slavery?

Giving more powers to the European Parliament is laughable when you know that EP members share most of their time outside (often to meet lobbyists). When present, the representatives from the three largest groups vote the same way in 80 per cent of cases. So much for diversity: left, centre and right all for one EU! No wonder Euro-sceptics are thriving then. Even more when policy-making impacts day-to-day living, business conditions or the environment. In 2006, the Guardian columnist Timothy Garton Ash wrote that *“what a larger Europe needs is small countries able to think big.”* What we've got now is big countries thinking small and small countries often not thinking any more. This is most noticeable in eurozone crisis management where the zero-deficit budget and low-debt obsession of a few countries dominates and a majority of member States toe the line. But what's the room left to manoeuvre within austerity as it has been institutionalised in the EU “fiscal compact”? Following German prescriptions (swallowed by others), doesn't EU have veto over national budgets in the eurozone? Didn't Angela Merkel say that balanced budget rules were eternal? And hasn't a banker, now just more central, named Draghi stated that the euro was irreversible?

➤ **Talking Turkey and playing Russian roulette.**

As mentioned above, the only undeniable definition of Europe is geographic. Undeniable, really? In a famous Strasbourg address in 1959, Charles de Gaulle referred to Europe *“from the Atlantic to the Urals”*, i.e. including Russia. A land that has given birth to Prokofiev, Tolstoy, Shostakovich, Solzhenitsyn, competent scientists, smart tsars and even a number of clever communists, to name but a few, certainly belongs to the European cultural heritage, without any dispute. Unfortunately, Cold War ghosts and Atlanticist spooks are pushing in another direction and aiming to keep Russia in an inferior geopolitical status (a mild wording for “enemy”). Reasons would be too long to explain here, but the passive or often completely misled EU behaviour, entirely subordinated to US interests, towards Russian (and Ukrainian or related) power, demonstrates once again the absence of political leadership -and of policy tout court- in the EU. No wonder then if old demons are returning around the Urals, too.

Is Turkey a European country? With 3 per cent of the land on Europe's territory, the answer is a straight no. It's geography, stupid. Who had and why having had that crazy idea of discussing an EU membership with the former homeland of the Ottoman Empire? Under its current regime -a master in doublespeak- Turkey outside is a danger and Turkey inside a threat. Despite that evidence, don't look only to the Black Sea for an explanation, the agenda was (and is) once again set on the other side of the Atlantic Ocean (with a little help from across the Channel. Turkophilia is a long-time feature of Anglo-American diplomacy, with subsequent naivety). It's the military, stupid. Without any doubt, EU origins and foundations made it a "Christian club". Being a staunch supporter of secularism, this doesn't appeal much to me. However, Christianity may not be everybody's religion but it is strongly wired into our heritage, culture, tradition, laws and festivals. No disrespect intended, this isn't the case of Islam. It's the religion, stupid. Former French President Valéry Giscard d'Estaing said in 2002 that Turkey's entry into the EU would mean "*the end of Europe.*" He is right. At best, it would be a breakdown; at worst, a breakup –or vice versa. And, almost certainly, a war. It's the demography, stupid.

The way(s) out

Lest you forget: there are 25 million people unemployed in the EU, of which half have been jobless for over a year and 12% haven't worked for four years or more. 80-100 million people (add more than a few migrants soon) live around or below the poverty threshold (in Brussels region, for instance, one-third of citizens live below this level). Who thinks that decisions/policies made in Brussels (or Berlin, or Frankfurt) by swollen headed public servants (count MEPs out as they can't make any real decisions) can solve Europe's unemployment and poverty? Have they done it so far? How to break the downward spiral, save Europe from itself, or make the most of the mess, together or on your own? Breaking up might be an extreme solution but, as the EU seems incapable of reforming itself, should be considered as an option to reverse the irreversible.

- **Achieving the single market, if and where necessary.**

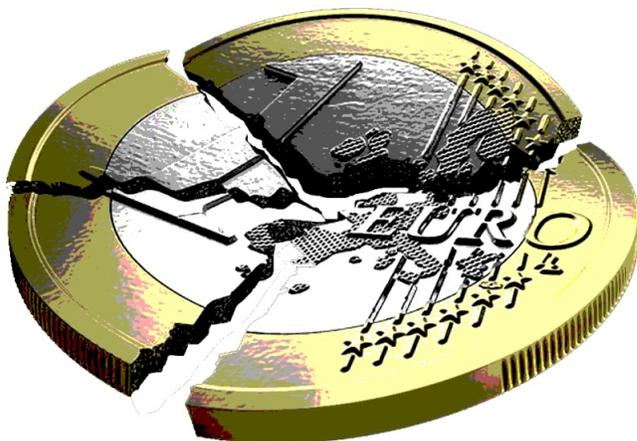
In a speech in 2002, the then president of the European Commission, Romano Prodi said: *“We cannot water down the European political project and turn the European Union into just a free trade area on a continental scale.”* Sorry, Mr Prodi, but this is probably one of the most realistic things to do. Scale down the all-embracing ambitions of the ruling elite, and instead make commerce really free all across the continent, including Russia and even Turkey if they want to join in. However, note that everything isn't perfect in the free market now being shaped: workers can find it harder to work abroad than some... refugees to move;⁸ social laws are rigid; local small businesses are threatened; banking concentration isn't fair; liberalisation of energy and telecom markets have many downsides; consumer and environmental protection aren't guaranteed; etc. A number of opt-outs should be considered.

➤ **Getting rid of “EUsterity”.**

EU nations, especially eurozone members are now squeezed in a monetary straightjacket with stringent budget and debt rules on top (or, better said, as a belt!). Actually, very little room for manoeuvring exist for member States to still be in a position to conduct a real economic policy (think of VAT rates et al.), even more a policy that breaks away from European austerity in a soft or hard version. For the hard version, see Greece, which lost 25 per cent of its GDP in five or six years. We had the “Washington Consensus”, now we've got the “Brussels Diktat”. Expansionist measures (also towards “green” or low-carbon growth) and Keynesian policies have been literally outlawed. The options are here to break down (i.e. to maintain the status quo and follow the rules), break up or... break out.

➤ **Breaking up the eurozone?**

⁸ About 2.5% of the US population relocate to a different state every year while in the EU the equivalent figure is 0.3%.



Switching over to national currencies? Technically complex, economically difficult, financial expensive, politically dangerous, of course. Isn't the euro "*irrevocable*"? A nightmare, maybe, but is it worth saving the sacrosanct euro at all cost? The answer is more a no than a yes. As Roger Bootle wrote it, "*the eurozone is a ... disaster.*" Elaborating on this would require a full article.⁹ To keep it short, let's say it's about trading the rigidity of the EMU for the return to the increased flexibility of an EMS –or simply keeping its own currency.

➤ **Turning down a fiscal union.**

Naturally, a fiscal union makes sense to make a monetary union work. Have no illusions here. If the EU goes that way -as advocated both by German and French elites (others will follow suit as usual)-, get ready for a mix of tough fiscal discipline (deutsch obsession) and tax harmonisation (mania française). Do European people(s) want and need that? Not sure. Besides, a fiscal union means more centralisation (and bureaucracy), a bigger EU budget, less power to local entities, i.e. not exactly recipes for progress and prosperity. Last but not least, a fiscal union is regarded by many as a step towards a political union governed by federal institutions. This is based on the assumption that European States can be united the American (or other) way. They can't.

➤ **Making subsidiarity the rule, not the exception.**

Devolving decisions and policies to the lowest practical level is the best way to counter bureaucratic tendencies, centralisation and authoritarian control. Like it or not, it's about

⁹ Meanwhile, have (more than) a glance at "*Leaving the euro: A practical guide*" by Roger Bootle (lead author) for Capital Economics.

regaining sovereignty. This goes against the current trend, ideas... and fears of many Eurocracy representatives. Note that subsidiarity could apply at state or regional level, depending on the degree of devolution/decentralisation in each country. Naturally, the Eurocrats are scared to death to let the regionalist genie out of the bottle (They seemed less concerned with centrifugal forces in the former Yugoslavia, but that's another case of double standard.)

➤ **Leaving room for a few common policies.**

The EU could keep on living with less stuff (and less staff too) and be as -or more- effective. In the past, a number of reports advocated for “Europe à la carte” or “two-speed Europe”. Was everyone included -and necessary- to make Airbus work? We could imagine projects or programmes -e.g. for renewable energies, circular economy, environmental protection, waste, etc.- involving two, four, seven, twelve or more member States (and not always the same leading countries, please!), with opt-in and opt-out options.

Hadn't the EU gone for a one-size-fits-all approach and had some member States not been forced to join the euro, and have later opt-in options instead, and we might have avoided the long-lasting eurozone crisis –and a huge waste of money. Spilt milk...

➤ **Exiting?**



Finally, there should always be a possibility to get out. A “Grexit” was avoided (or just shelved). Will we go for a “Brexit”? Naturally, one shouldn't underestimate the long-standing insularity and a growing defensive “Little England” inclination as primary British motives for leaving. That said, the above list of things that go wrong in the EU -and the

ways out- goes much deeper than David Cameron's reasons for "*four key demands*".¹⁰ Even if, on the whole, Bank of England's Governor speech in Oxford, was much more pro-EU, insufficient heed was paid to his related warnings. Actually, the UK has the choice between staying as an actor of the breakdown and watching as a spectator of the breakup, or vice versa. As the former Labour leader Denis Healey put it in 2013: "*I wouldn't object strongly to leaving the EU. The advantages of being members... are not obvious. The disadvantages are very obvious.*"¹¹ Besides its own consequences, a Brexit might spark something more elsewhere ("Swexit" and "Ausxit" could be next on the cards), and perhaps play as a nudge to reshuffle the cards across Europe. The clock is ticking.

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¹⁰ "*David Cameron's four key demands to remain in the EU revealed*" (Daily Telegraph, October 10, 2015). Note how Cameron's "*seven targets*" listed eighteen months before have been watered down (Daily Telegraph, March 15, 2014).

¹¹ "*UK must secure safeguards against further eurozone integration, warns Mark Carney*" (Daily Telegraph, October 21, 2015). Denis Healey's words quoted by the New Statesman (March 26, 2013).

