

The European Union Standing the Mediterranean Test

Crisis, Identity and Raison d'Être of the European Union

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Crisis and Values

We were told (Monnet, Schuman) that Europe would not be made all at once, that it would be the result of the solutions found to its crises and that these (the crises and solutions) would be what shaped its identity.

And, until recently, it seemed like what we now call the European Union (EU) had managed to overcome its successive crises, that the integration project had been strengthened by them, and that the EU was increasingly defined by a set of values shared by its Member States and their citizens.

It is not clear that the same can be said today.

Economic Recovery, but an Existential Crisis

The headlines in the European press claim that the EU is currently undergoing its most serious crisis ever. Actually, they have been saying this since 2012, for more and more reasons. What began as a fiscal crisis in a small Member State (Greece, 1.3% of the EU-28's GDP) has morphed into an existential crisis of the European project itself.

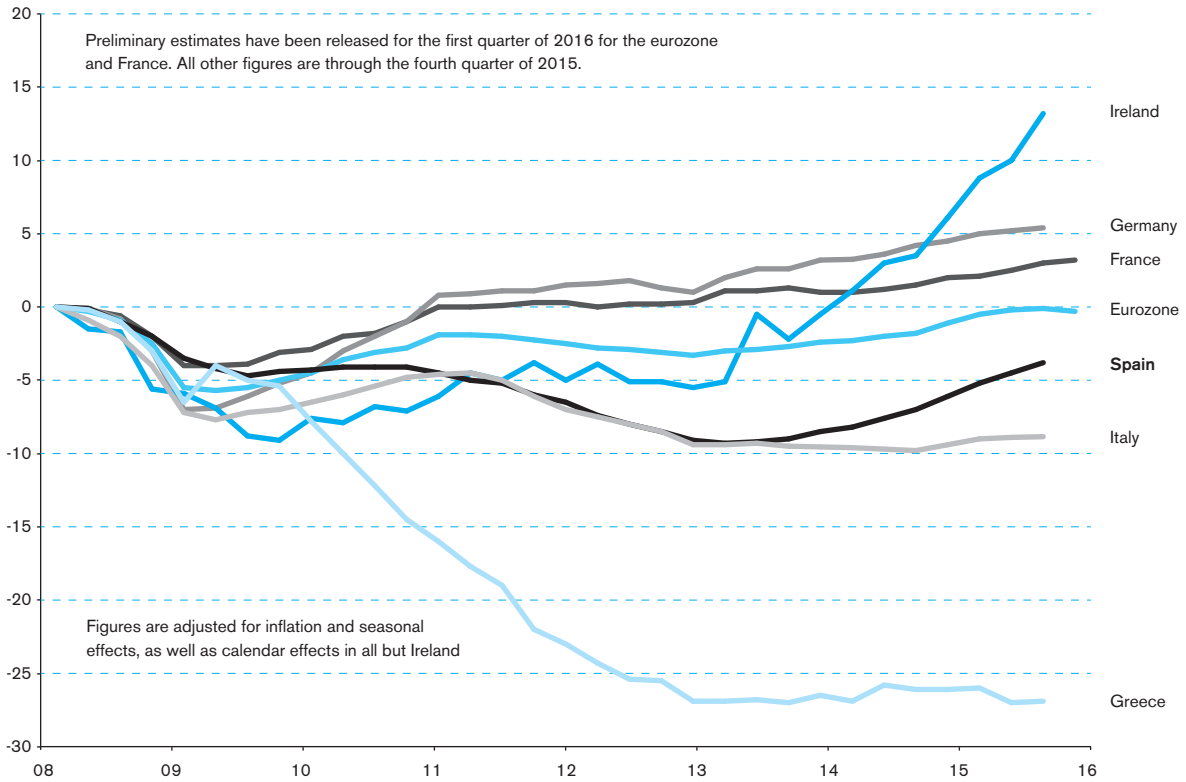
Europe Day 2016 was permeated by an air of melancholy and demoralization, even though the macro-economic data indicated that the eurozone's GDP had finally returned to the pre-recession levels of the first quarter of 2008, before the continent suffered the disastrous economic, social and political effects of two deep recessions.

However, this economic recovery is highly uneven across the different countries (Chart 1), giving rise to major divergences and heightening the feeling that the project is going through an existential crisis.

Multi-Crisis and Public Perception

The multiple crises, or multi-crisis, affecting the EU today are causing cracks in the set of values that supposedly make up its identity. Of these different crises, the refugee crisis will be the most decisive for the EU's future, as it contributes most to the resurgence of various types of nationalism and right- and left-wing populism. It is no exaggeration to think that they could shatter the European project.

This situation is reflected in Europeans' feelings regarding the future of the EU. In 2008, before the start of the financial and euro crises, 70% of those surveyed by the Eurobarometer reported feeling totally optimistic, whereas 25% reported feeling totally pessimistic. These shares gradually converged, with the former shrinking and the latter growing, until they both reached 45% in 2012, at the epicentre of the euro crisis. The slight winds of recovery that blew between 2014 and 2015 were not enough to withstand the most recent problems with terrorism and immigration, and the autumn 2015 Eurobarometer found that optimism was once again on the decline and pessimism on the rise. Meanwhile, immigration and terrorism have emerged as the most pressing issues for Europeans (Charts 2 and 3). There is little hope that the results of the next Eurobarometer, in spring 2016, will be better. There are reasons for this, for the crises overlap and feed into each other.



The Mediterranean and External Crises

Some of these crises come from abroad and have once again raised the spectre of war on our eastern borders, as well as serious instability along those in the south. We have failed to react to the shift in economic and political power from the Western world to the emerging one, from the Atlantic to the Pacific. Nor have we managed, proven able or sought to address Euro-Mediterranean relations in a manner consistent with their importance and complexity.

The failure of the Mediterranean Policy or Neighbourhood Policy to fulfil the objective of creating an area of prosperity, democracy and stability has been compounded by the refugee crisis, which is actually a crisis of European governance affecting all aspects of the EU, its institutions, its policies and its values; in short, its identity.

For years, we have propped up dictatorial regimes, paying lip service to the need for them to democratize, when what we were actually interested in was the stability they guaranteed against the Islamist

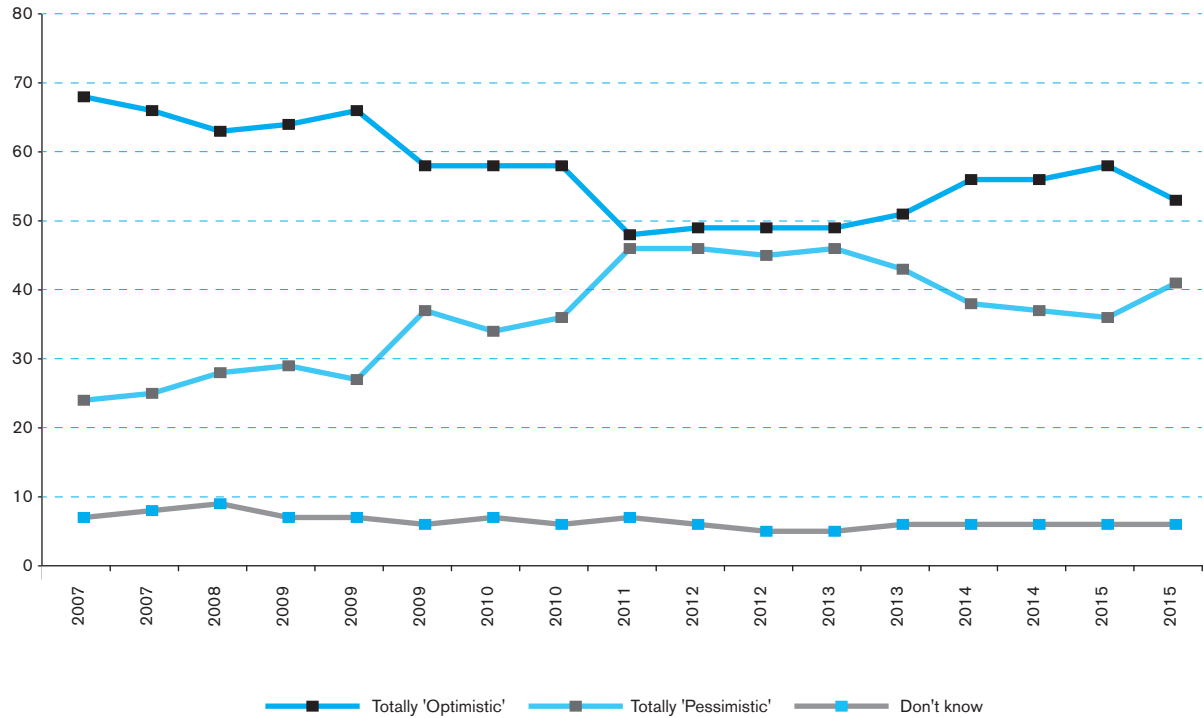
threat. And now we are facing a Mediterranean that has become a “mass grave,” as Guy Verhofstadt called it in his most recent book (*Le mal européen*), where, according to the International Organization for Migration (IOM), more than 3,700 people drowned in 2015, the highest figure since these data began to be collected. Today, the Mediterranean is the most unequal border in the world in terms of the demographic and income disparities between the two shores; since the Arab Springs and the ensuing sad autumn, it has become politically unstable as well.

The Euro and Internal Crises

Other crises come from within and are basically due to mismanagement of the economic crisis, the so-called euro crisis, the consequence of an incomplete monetary union. The response was based more on forcing the alleged perpetrators – a South unable to assume the fiscal discipline it had agreed to – to atone for their sins than on the search for cooperative

CHART 2

How Do You Feel about the EU's Future?



solutions and the adaptation of the EU's institutions, rules and policies to unforeseen circumstances.

The result has been a schism between North and South, replete with mental walls and political distrust, to replace the East–West confrontation. The euro has not served as a catalyst for political union, through the mutual trust involved in sharing a single currency, but rather quite the opposite.

One could argue that this judgement is too harsh, since, as a result of the crisis, the monetary union has addressed many of its original shortcomings and economic integration and policy coordination have advanced more since 2010 than in the previous 20 years. That is true. It was hard to imagine on that fateful Europe Day 2010, when the Spanish government was forced to inaugurate austerity policies, that we would come to have a €500 billion stability mechanism and that the Member States, which, in 2009, refused to allow the Commission to audit the accounts they sent to Brussels, would end up having to submit their national budgets to the prior scrutiny of Brussels bureaucrats before their own parliaments approved them.

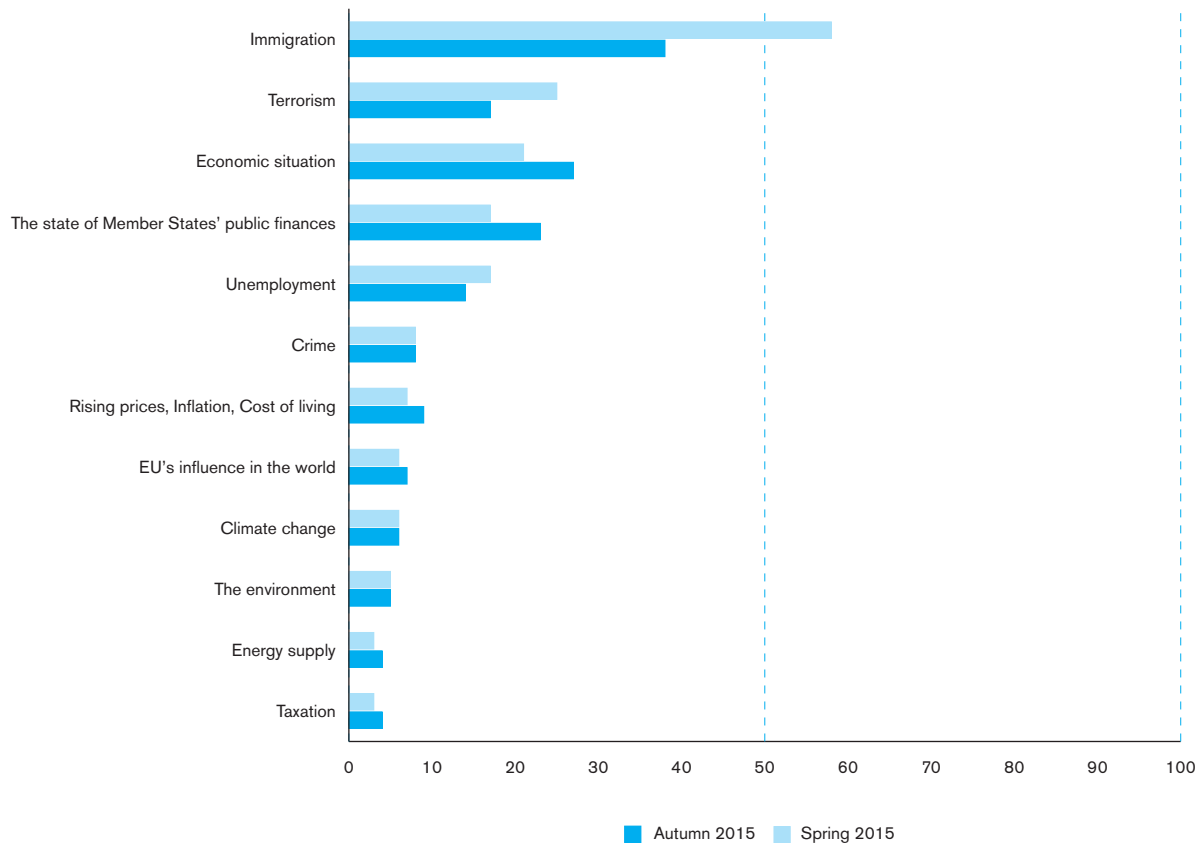
However, the fact remains that, if the euro still exists today, it is because the ECB has acted as the lender of last resort it was never meant to be. True, it did so through the back door of the secondary debt market and with the rationale of fighting deflation. But I cannot help but believe that if, in the spring of 2010, in light of the speculation on Greece's debt, Trichet had pronounced the same magic words as Draghi did in the summer of 2012, thereby ending the speculation against Spain and Italy, we could have spared ourselves the crisis and its dramatic consequences.

The Components of the Multi-Crisis

Finally, the terrorist threat and refugee crisis have ultimately highlighted the lack of solidarity and serious shortcomings of many of our common policies, from asylum to the mobility of people. Schengen now runs the same risk as the euro, that is, of disappearing, because the communitarization of the policies they represent was carried out as if no crises could ever occur that might call them into question.

CHART 3

Most Pressing Issues in the EU



And when those crises happened, we found we lacked the mechanisms to address them.

The current multi-crisis consists, on one hand, of three political risks – Brexit, Greece (unable to return to growth without debt relief, which the North rejects on grounds of moral hazard), and immigration/the flood of asylum seekers. This latter risk in turn reflects the failures of European governance, the lack of solidarity amongst the Member States, and a xenophobic and anti-European populist drift that clearly violates the values on which the EU is supposedly founded, as when a particular European government seeks to discriminate against asylum seekers based on their religion.

And on the other hand, it consists of the fragility of an economic recovery that does not allow for the correction, within a reasonable period of time, of the effects of the crisis in terms of unemployment, inequality and the breakdown of social cohesion; the intra-EU structural divergences, which show that the euro has not promoted the convergence of Eu-

ropean economies, as had been hoped; the problems of the banking sector, which threatens the stability of certain countries, fails to transmit the ECB's monetary impulses, and has cost European taxpayers considerable resources; the incompleteness of the banking union, without which the monetary union will remain fragile; and the limited room for manoeuvre to implement economic policies, including both monetary ones – because they have reached the limits of their traditional instruments – and fiscal ones, because they are constrained by “Maastricht plus,” which basically consists of the reforms undertaken to prevent a situation like Greece's from ever happening again.

Economic integration and policy coordination have advanced more since 2010 than in the previous 20 years

In the medium term, the problems faced are those related to the competitiveness of European economies in the global economy, the falling productivity, and demographic issues. The former can only be solved through increased investment to shore up the declining capacity for innovation, whilst the latter cannot be solved without additional immigration, which clashes with the insufficient capacity to adapt of European societies that accuse the EU of excessive openness towards the outside world.

Failures in the System of Governance

Whilst the migrant-asylum seeker and euro crises have both highlighted the multiple failures of the European system of governance, solving them requires greater communitarization of policies and a greater assumption of shared risk. However, there does not seem to be the necessary political will to make that happen.

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Is it possible to keep moving forward on integration without accepting that the monetary union needs to be equipped with automatic income transfer systems that make it possible to absorb, also automatically, any external shocks that might affect any of its members, such as the Federal-State Unemployment Insurance programme in the US? Is it possible to continue to reject Eurobonds or the common deposit guarantee scheme? Probably not, but accepting it requires greater political integration in order to enable political control mechanisms that lend legitimacy to the decisions taken in this regard. But which came first, the chicken or the egg? Must we move first on the political union, promoted who

knows how, or on the greater communitarization of the sectoral policies that serve as its foundation and *raison d'être*?

The Raisons d'Être of European Integration

Ultimately, since the multi-crisis seems to be an existential crisis of the European project, we must ask ourselves what the *raisons d'être* of this integration project are. In the past, these reasons were clear, but they have largely ceased to be relevant and lost their power to mobilize because the objectives they represented have already been achieved.

What were those *raisons d'être*, those driving forces that promoted European integration with the more or less explicit consent of the people?

First, Peace

Without a doubt, the first reason was to build peace amongst Europeans. On the ruins of a destroyed, hungry and threatened continent, three generations of Europeans made "never again war" their goal.

By communitarizing the weapons of war through the ECSC (the weapons of the war of that time), the goal was to make war between Europeans impossible. But this objective has been met. If not impossible, war is unthinkable in Europe. No young European would even entertain the idea of waging war against another young European, one whom he or she might have met as an Erasmus student.

Given our history, that is extraordinary progress. However, now that the mission has been accomplished, peace is no longer a driving force. Through the European integration process, we have managed to neutralize the antagonistic identities that did so much damage in the past, but we have not managed to create a common identity. Peace has not been enough to build a European demos, a process that takes a long time and has been interrupted by the mutual mistrust sown by the crisis.

However, that exceptional parenthesis of peace in the interior of the European continent took place in the context of NATO, first during the Cold War and later under the Pax Americana. That is, with an enemy and a common foreign ally.

Yet in terms of keeping the external peace – that is, the peace along its borders – the EU's *raison d'être* has proven much weaker, as evidenced by our inability to stop the wars in Yugoslavia, which reproduced on a small scale – and at just an hour from Rome or Vienna by plane – the horrors of World War II.

Borders and Identity

By the turn of the century, external peace had come to be pursued by dint of enlargements, actual or promised (as with Turkey and Ukraine), without really knowing how far to take the enlargement process or what the consequences might be. But an area without borders, without precise geographical terms of reference, could hardly claim to have an identity.

Until the war in Syria and Putin's challenge in Crimea forced us to set limits on our borders and deal with defence and security issues that require the powers of a state. Precisely those powers the EU lacks. As a result, in the end political realism won out, as in the case of Turkey, which we no longer aspire to spread our values to through the promise of admission we made to it but rather hope to reach agreements with, guided by a practical sense of common interest such as that for the "outsourcing" of the solution to the refugee problem, and leaving the question of values aside.

However, it is difficult to sustain the discourse of a European identity based on values when we need to entrust an increasingly autocratic country such as Turkey with monitoring our borders to prevent refugees whom we do not want, or do not know how to welcome and integrate, from reaching us.

Now that we have achieved peace within our borders, our next major objectives should be to create a truly common defence capacity and foreign policy. However that requires sharing a single worldview, something the Member States are far from doing, as each has its own set of historical experiences that have forged its identity. A Pole and a Spaniard are unlikely to share the same worldview when the former believes he owes his freedom to the Pope and the US whilst the latter considers them responsible for 35 years of dictatorship under Franco.

Nevertheless, most Europeans, including Britons, claim to want such Europe-wide policies; it is the national elites who are reluctant to make this effective leap in political integration.

The Other Historical Reasons

The next *raison d'être* of European integration were to address the external threat posed by the Soviet Union, the rehabilitation of Germany – culminating in its reunification – and the inclusion of the Eastern countries following the fall of the Berlin Wall, which meant prioritizing enlargement over deeper integration and substantially changed both the size and homogeneity of the European political and economic space.

However, those *raison d'être*, those driving forces, are now history. The proposed goals have been met. Germany has been rehabilitated and reunified. It has found a "niche" in globalization that has driven its economy. Europe was a good framework for the political rehabilitation of the Germany that lost the war, just as it allowed France, which had lost its colonial empire, to play a greater political role than it would otherwise have had on its own.

Germany knew that to reunify it had to win the trust and sympathy of its neighbours, and to this end it was willing to finance European integration. However, the new generations of Germans do not feel responsible for the sins of their grandparents, nor are they willing to continue bankrolling Europe.

One day, at the European University Institute in Florence, a German doctoral candidate told me that the EU was an iron ball his father had chained to his ankle to expiate his grandfather's sins. In other words, he conceived of the EU as a handicap that his country had had to assume to atone for its past.

Together, this attitude – hardly a positive way to build a European identity based on the values proclaimed by the stillborn European Constitution and reproduced almost verbatim in the Lisbon Treaty – and the refugee crisis explain the electoral emergence of anti-European parties, such as Alternative for Germany, the resistance to the restructuring of the Greek debt or the fact that the German Finance Minister vehemently accused the President of the ECB of encouraging populism with his monetary policies.

The New Member States

The role the new Member States are playing, especially, once again, in response to the refugee crisis, will be decisive for the European identity forged in response to the crises.

President Obama has recognized European integration as one of the greatest political and economic successes of our time, reminding us that we are heirs to a struggle for freedom, warning of the populist danger and coming out against Brexit. Meanwhile, however, Austria almost elected a far-right President and seems to want to rebuild its former empire, convening summits on its own with its neighbours to close the route from the Balkans. Hungary's Prime Minister supports an illiberal democracy and wants to hold a referendum for the country to reject its obligations to take in refugees, whom he would discriminate against on the basis of religion, refusing to take in Muslims. And in Poland, the legacy of Solidarnosc is in the hands of an ultraconservative Catholic who has mobilized the country's three former presidents in defence of democracy.

Brexit, Immigrants and Religion

The current multi-crisis is resulting in multiple changes to the founding fathers' original design. The European identity is unlikely to emerge the stronger for them. Brexit is not the main problem; at bottom, it is a call for less Europe, but the UK is already an eccentric country in the EU, is already outside of almost all the integration policies, has systematically dragged its feet and has no alternative model of European integration to offer. In the end, the decision to remain, if approved, will simply formalize the British exception. It will be valid as long as it is an exception. However, the risk is that we have ceased to export our values in order to begin to import those of others. And that is why, as already noted, of all the crises, immigration will be the most decisive for the EU's future, because, more urgently and with more human pain than any other, it has highlighted Europe's shortcomings and done most to drive its populist and nationalist movements.

The solution given to the integration of Muslim minorities, which Europe has done far worse than the US and whom it links to terrorism, will also be very

important for the future European identity. However, for now, the most important consequence of the crisis is the resurgence of nationalism.

An Anti-European Story and the New Raison d'Être of the EU

From Greece to the UK, by way of Sweden and Denmark, which are not part of the euro, the central countries the monetary union has benefited, or the France of Le Pen, the story is the same: with the EU, the opening of borders has gone too far and national democracy has been hijacked by Brussels. It is important not to turn a deaf ear to many of these fears and criticisms, as they reflect dysfunctions of the EU that need to be corrected.

To conclude, then, what is, or could be, the new *raison d'être* of European integration, the driving force that would give new impetus to a project that runs the risk of dying a slow death? As we have seen, the former reasons for the different stages of integration are now a thing of the past, like the successive stages of a rocket, exhausting their fuel and being jettisoned into space. One good reason could be to take on globalization with the size that unity would give us in a world of giants.

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Globalization has created many losers in Western societies, as we are now hearing in the election campaign in the US. Rebuilding the welfare state, a hallmark of post-war Europe, in the new context of globalization is a task that Europeans would do better together than with each country working alone. That requires a major political leap, which should be spearheaded by France and Germany, but in which surely not all 28 Member States will want to partici-

pate. In that case, the pace would be too slow to build a foreign policy, with its dual components of security and defence, especially with regard to Russia, the Middle East and Africa, and complete the monetary union by communitarizing risks and resources.

And if we are unable to do that, if not all of us at once then at least a smaller and more willing number of the current Member States, then the EU could die or fade into insignificance.

As this article was going to press, the British people voted to leave the EU, once again proving the polls wrong. It is impossible to end without adding a few thoughts on such an important decision, which merits an article of its own. I will limit myself to six of the many that could be mentioned.

First, we must respect their decision. Like it or not, the British people have decided, by simple majority, to cease to belong to the EU; all we can ask now is that they act on this decision as soon as possible. The worst thing we could do would be to spend the next two years arguing about how the British should leave the EU, rather than what we, as Europeans, can do to complete our union and free it of its current paralysis.

A second referendum, as more than 4 million Britons have already called for, or any attempt to use the current anti-Brexit majority in the House of Commons to thwart the result of the first one, would be a mistake that would lead to more division and make the European cause more unpopular.

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Second, given the EU's current circumstances, which I have described above, I doubt we will be able to show the boldness required to prevent potential decline. I do not believe that the British exit will trigger the leap forward in integration that we need. The Franco-German duo, without which there is nothing to be done, disagrees on almost everything, from im-

migration to debt policy. Merkel, who faces elections next year, knows that further integration is not what German public opinion is asking for and fears that it would only give more arguments to the Eurosceptic party Alternative for Germany, which, according to the polls, has the wind in its sails.

Third, we must ask ourselves why those who supported leaving the EU won.

Perhaps they won because the EU did not grant Cameron sufficient changes in the UK's status. Perhaps because the Labour Party took too long to offer a unified defence of the Remain option and its leader, Corbyn, was weak and hesitant. Perhaps because austerity policies have lowered standards of living and created poverty and marginalization. Perhaps because no coherent positive narrative of the usefulness of the EU and its future was effectively communicated. Or perhaps, above all, they won because the vote became a referendum on immigration, in which many Britons were led to believe that, because of the EU, they would be flooded with thousands of refugees, as is happening in Greece, when in reality not a single one has reached their shores. And that the entrance of Turkey, presented as something imminent, would only exacerbate the problem. Fourth, since Brexit, the UK has seemed more divided than ever. Divided by age groups between young and old; socially divided between the winners and losers of globalization; territorially divided, with Scotland wanting to remain in the EU and, as a result, preparing a new referendum on self-determination that, this time, could win. The sorcerer's apprentice Cameron can congratulate himself on the storms he created.

Fifth, as had been predicted, the British economy is beginning to show signs of the problems arising from its exit from the EU. The pound sterling has plummeted and the City of London is wondering what its future will be in the new situation.

And sixth, Brexit only confirms that the EU's past success and lack of future plans have left it ailing. Identities are not decreed, and the European identity was already under threat before Brexit. The response cannot be business as usual, because nothing is usual anymore. If the EU cannot manage to be more democratic and inclusive, it will perish, falling victim to the populisms and new forms of authoritarianism that question a project that is both more necessary and more questioned than ever.