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Can the European Union Survive?

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It's a great pleasure to be addressing the Adam Smith Club again after a long absence. And it's a special honour to be giving the first address in memory of our founding president, David Sharp. I first got to know David in the late 1970s. At that time I was busy acquainting myself with the classical liberal tradition, which was much less well-known then than it is today. I soon realised that David was a true authority on classical liberalism; not only was he familiar with the literature of that tradition but he could apply its insights to public issues often in original and even surprising ways, opening up new and intriguing perspectives. And he did so in a characteristically gentle and persuasive manner.

The European Union has been a topic of growing interest to me over a number of years. Britain's first referendum on membership of what was then called the European Economic Community took place in 1975. By then we'd come to live in Australia but had I been able to vote I would have been among the two-thirds of voters who wanted Britain to stay in. I shared the general view that the European Community was essentially about free trade. True, it protected and subsidised agriculture, so Britain had had to restore its corn laws – and it was the repeal of the corn laws in 1846 that began the great expansion of free trade in the nineteenth century. But Britain in the 1970s was an economic basket case and the European continent was booming.

Then in the 1980s came the Thatcher revolution and the British economy recovered. But the European Community had little directly to do with that recovery, and it started to become clear that it was set on expanding from a free trade association into a European super-state with no principled limits on its powers. In 1988 Margaret Thatcher made a famous speech in which she said:

> *We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state exercising a new dominance from Brussels*.

That speech sowed the seed of the movement to take Britain out of the European Union.

Around the same time Britain's Labour Party, which had hitherto opposed the European Community as a capitalist club, came to the same conclusion: that in fact it could entrench the powers of the state and act as a back-door counter to Thatcherism. From then on, as the European Community steadily expanded its powers, Britain's establishment liked it more and more. Opposition to it at Westminster was almost wholly confined to a wing of the Conservative Party which, however, steadily grew in size and influence. It eventually got its way when the Conservative Prime Minister, David Cameron, agreed to hold in 2016 an in–out referendum on Britain's membership of what by then had become known as the European Union. He did so believing, like almost everyone else, that the Remain camp, which he supported, would win.

As the referendum approached, the components of the establishment took turns in a transparently orchestrated campaign to forecast disaster if the UK left the European Union: the main political parties, most government ministers, the Treasury, big business, the trade unions, the armed forces, the Church of England, and the professions, including academia and even actors and arts administrators. They were joined by international economic organisations like the IMF and the OECD. Even US President Obama, during a visit to Britain, warned that if Britain left the EU and sought a free-trade agreement with the US, it would have to go, in his words, to the 'back of the queue'. His use of the UK English word 'queue' in place of the usual equivalent American word 'line' created a strong suspicion that his British hosts had handed him the script and thus recruited him into their campaign against Brexit.

The surprise victory of the Leave camp revealed a gulf of disbelief and distrust between the elites and the people at large. That disbelief instantly turned out to be fully justified: the Treasury had warned that a Leave vote would be followed immediately by a recession and a horror budget, but in the event the economy performed slightly better after the referendum than before, and is still performing quite well. But neither that nor the referendum result itself has undermined the establishment's peculiarly near-unanimous pro-EU mindset. After all, elites believe that they're entitled to get their way and won't readily take no for an answer. And, of course, many of them would be in receipt of substantial EU subsidies; and when subsidies are threatened they can speak with impressive eloquence.

This continuing elite consensus favouring EU membership is one reason Britain's negotiations to leave the EU seem so slow and confused, since it sustains the hope that Brexit can be somehow reversed or fudged with a second referendum or a kind of associate membership or parallel regime. Another reason is that the European Union is trying to ensure that Britain is worse off outside the EU than it ever was as a member; as the President of the European Commission, Jean-Claude Juncker, has decreed, 'Brexit cannot be a success'. The EU is terrified that Brexit will be a success, since other member states might then be tempted to emulate it. But if the EU does lose more members, the trigger is likely to be the EU's single currency, the euro, which has proved to be an extraordinary burden for several bailed-out member states and a disaster and a tragedy for Greece. If the European Union does solve the problems caused by the euro it could well survive in its present form. But I believe that to solve those problems it must rethink its entire rationale and purpose, and there's no sign of that. But unless the EU can reform itself, events will most likely in due course impose the necessary changes in a potentially destabilising manner.

The Motives for a European Association

The official case for the European Union is that it was born out of the ruins of Europe after two world wars and has been mainly responsible for keeping Europe peaceful ever since. However, in my judgement the long peace in Europe since 1945 is mainly due to two other factors. First, with the onset of the cold war NATO was set up and American troops were stationed permanently in Europe. Second, Germany accepted that it really had been defeated (as it hadn't done at the end of World War I in 1918) and completely and permanently renounced its imperialist goals – although that didn't become fully clear until the 1970s. So I don't believe that Europe does face a stark choice between the existing European Union and a return to the national rivalries and conflicts of the early twentieth century. Indeed, the European Union has itself generated internal tensions and hostilities by its steady transfer of powers from the member states to the union. The great paradox of the European Union is that it has tried to unify Europe with uniform regulations and institutions, but these have instead generated disunion between the member states. Above all, the monetary union introduced at the end of the last century has sharply divided Europe between debtor and creditor nations, and now threatens the integrity of the EU. Any European association that succeeded the European Union would have to return some powers to the member states and would have to abandon or reform the single currency.

And yet many of the motives that prompted the nations of Europe to form or join the union would survive any break-up of the present union. The Germans, for obvious reasons, would still feel their history to be a burden and would be keen to be good Europeans. France also feels the burden of Germany's history and so would always seek to cooperate closely with its powerful neighbour; it's hard to imagine France and Germany ever ending the treaty of friendship which they signed in 1963. The Italians would still believe they were not much good at self-government and would welcome any outside help they could get. Greece, Spain and Portugal have within living memory been military dictatorships, and they would still welcome the additional legitimacy their young democratic systems derive from a European association. The east European countries would still want to offset the influence of their big Russian neighbour by strengthening their ties with western Europe. The small European countries would still appreciate the status they derive from being actors on a continental stage on largely equal terms with their big neighbours. Even Britain would be happy to join a European association that focused on economic cooperation and minimised any loss of political sovereignty. So if the European Union were to break up it would most likely eventually be replaced with another continental association, rather than reverting to the aggressive nationalism of the early twentieth century.

This point is worth stressing because many people throughout Europe genuinely and deeply valued Britain's membership of the European Union, and for them Brexit has been a profound shock. The achievement of European unity has seemed like a miracle after the multiple tragedies that Europe experienced in the first half of the twentieth century. My own hope is that Brexit will help to preserve European unity by triggering the necessary reform of what I think is a dysfunctional and counterproductive set of institutions.

Three Big Facts about the European Union

So much by way of setting the scene. To understand why the EU may not survive, it's necessary first to appreciate exactly what it is. It can be summed up in three big facts. First, the European Union is a unique set of institutions that formally came into existence in 1957 when the original six member states signed the Treaty of Rome. But this treaty didn't set up agencies of cooperation between the countries, as free trade associations do. Instead it set up governing institutions that stand above the member states and amount to what Margaret Thatcher in 1988 called, as we saw, a 'super-state' in the making. In the political science jargon, the EU is not 'intergovernmental' but 'supranational'. It's a remarkably complete state-like system. It has a wide network of foreign embassies and delegations. It has a flag, and it has an anthem, drawn from Beethoven's *Choral Symphony*. Its institutions are strikingly undemocratic. The only directly elected one – the European Parliament – is also the weakest, because it has almost no power to initiate legislation; and voter turnout at parliamentary elections is low and has been declining for years. An upper house – the Council of the European Union – contains one minister from each member state. The most powerful institutions are wholly unelected. The European Court of Justice contains one judge from each member state; its judgements override those of member state courts where they conflict, and it's gradually extending its jurisdiction beyond European legislation and into the domestic law of member states. The most powerful institution is the EU's executive, the European Commission. It consists of one appointed commissioner per member state; it has almost exclusive power to initiate legislation within the EU's areas of competence, so it routinely administers legislation that it has drafted itself. As an unelected body that combines legislative and administrative power, it amounts to perhaps the most powerful bureaucracy in the Western world.

In the early years, the member states were protected by a unanimity rule, so that they could veto any legislation they didn't approve of. But as the number of member states grew the unanimity rule threatened to produce permanent deadlock. To overcome this risk, in 1986 qualified majority voting was introduced in certain areas, where member states therefore formally lost sovereignty. It was this change that prompted Margaret Thatcher – when she fully realised what she'd sign up to – to refer to the EU as a 'super-state' that could eventually undo the reforms her governments had introduced in the UK.

The EU system of government is clearly remote from the Westminster tradition of responsible government. Instead, EU government is highly centralised, dirigiste and only weakly and indirectly accountable. It reflects a continental European style of high-handed and heavy-handed government that in modern times was perfected by Napoleon and Bismarck, but with a big difference: as far as possible it operates invisibly. Its institutions are located in highly visible premises in three European cities – Brussels, Strasbourg and Luxembourg – but elsewhere it has very little physical presence. Its decisions are implemented by and through the governments of the member states in the hope that they look like decisions of those member states. The EU is perfectly aware that its lack of accountability poses a legitimacy problem in a continent where nation states still enjoy the allegiance of their populations. You could say that the EU free rides on the legitimacy of the member states. But EU rulings still have to be treated somewhat differently from domestic legislation. Typically, they arrive without warning and without any public debate about them beforehand (there's nothing like an organised opposition within the EU offering alternative policies) and precious little debate afterwards either, since they can't be changed, only rubber-stamped. Yet the system does work quite well. Some major policies are known to emanate from the EU, such as freedom of movement for workers throughout the EU; sometimes the EU advertises its policies, like infrastructure investment. But probably most of the legislation initiated by the EU is assumed to be domestic in origin; in the UK, at least, out of embarrassment, politicians usually try to avoid admitting when they are in reality carrying out EU instructions.

In 1999 an employee of the European Union helpfully summarised the EU's modus operandi thus:

> *We decide on something, leave it lying around and wait and see what happens. If no one kicks up a fuss, because most people don't understand what has been decided, we continue step by step until there is no turning back.*

You might suspect that the author of that was some obscure but courageous whistleblowing bureaucrat letting the cat out of the bag. In fact it was none other than Jean-Claude Juncker, now the President of the European Commission and the most powerful eurocrat of all.

The second big fact about the European Union is that there is no settled division of powers between the EU and the member states. Instead, the EU is a project to achieve what the Treaty of Rome calls 'ever closer union among the peoples of Europe'. This 'ever closer union' is achieved mainly by periodic treaties that transfer additional powers from the member states to the European Union. There's a pervasive assumption that all remaining powers exercised by the member states will eventually be transferred to the EU, and the member states reduced to administrative units. Everything the EU does should be interpreted in this light. It's impossible to exaggerate its determination to overcome all obstacles to 'ever closer union'.

Early in the present century the EU did draft a document that consolidated the existing treaties in a so-called constitution and extended qualified majority voting into new areas. It needed to be ratified by all the member states. Some governments put it to popular referendum, and in 2005 in two countries – France and the Netherlands – it was rejected. The response of the EU establishment was, I think, a watershed in the history of the EU. It showed that the EU would continue to construct its super-state if necessary in open defiance of public opinion. Comments made at the time by leading members of the EU establishment were strikingly cynical and revealing. Jean-Claude Juncker – him again – said before the French referendum, 'If it's a Yes, we will say "on we go", and if it's a No we will say "we continue"'. In the end the so-called constitution was redrafted in the form of a regular treaty, called the Treaty of Lisbon, so that most member states could adopt through ordinary legislation, avoiding referendums. The former French president Giscard d'Estaing, one of the architects of the Treaty of Lisbon, explained exactly what the EU was doing:

> *The texts would be sent to national parliaments, which would vote separately. Thus public opinion would be led to adopt, without knowing it, the provisions that we dare not present directly*.

Perhaps it's because these Eurocrats are unelected that they speak with such casual and cynical candour. They certainly get away with it.

The third big fact about the EU is its conception of what 'ever closer union' looks like. In a word, it looks like uniformity. The goal of the project is to eliminate – perhaps 'deny' is a better word – as many as possible of the differences between the member states and to cultivate an overarching European identity that eventually eclipses the national identities. So not so much *E pluribus unum*, 'Out of many, one', which was once the motto of the United States, but 'Instead of many, one'. The words that are always on the lips of EU officials and in their documents are 'convergence', 'integration' and 'harmonisation'. We might call it the ideology of 'singleness', as suggested by the EU's so-called 'single market' and 'single currency'. But that innocent-sounding word contains the clue to the deep unresolved problems of the European Union.

To take 'single market' first, this is often taken to mean the same as 'free market'. There is of course free movement of goods, services, capital and people between the member states. But the single market is much more than that. For a start, it's a customs union: it is a protectionist bloc designed to artificially increase trade within the EU by diverting it from the word at large. It's true that the average tariff is low, around four or five per cent. But European agriculture is protected by an average tariff of over 20 per cent.

As well, the single market is a common regulatory area. In the EU economic standards and conditions are increasingly framed centrally and imposed uniformly, and on entire economies, not just their export sectors: this is really what the 'single market' is about. All regulation reduces competition, for better or worse, but the single market does so in two particular ways. First, the single market aspires to suppress or eliminate competition between national standards and tax levels. Where such competition exists, the EU denounces it as 'unfair' – as if only competition between agents operating under identical conditions is 'fair'.

A good example is Ireland's unusually low corporate tax rate of 12.5 per cent, which has helped the country to recover from the euro crisis and bailout in 2010. But the European Commission is less concerned with Ireland's recovery than with its long-term goal of 'harmonising' tax rates throughout the EU, and so it periodically accuses Ireland of practising 'unfair competition'. In conventional free trade associations the member countries retain sovereignty over their regulations and tax levels, and so are free to recognise one another's regulations or to harmonise regulations and taxes with those of other members, as they see fit; they can learn from the effects of their own and other countries' regulations (or absence of regulations). But that type of diversity is in principle is ruled out by the EU's single market, and the European Commission works tirelessly to eliminate it.

Second, uniform standards can protect richer member states from competition from poorer ones. EU legislation typically imposes costly environmental, social and labour-market regulations that the richer north European countries can afford more easily than the poorer countries of southern and eastern Europe. The EU partly offsets this effect with grants to poor regions for infrastructure investment; as well, unemployment in poorer countries is partly mitigated by emigration to richer countries. But southern and eastern European countries would surely develop more securely and with less disruption if they were free to tailor their economic standards to their own needs and choices.

It's not that surprising, therefore, that the EU has a relatively stagnant economy; the great post-war boom that so attracted the British in the early 1970s started to peter out in the late 1970s. It's telling that the EU's trade with the rest of the world is growing faster than its internal trade, despite the trade-diverting effects of its tariff wall. So far Malta and Britain are the only EU counties that trade more with the rest of the world than with the rest of the EU, but the other countries are heading in the same direction. Economically, Europe needs to scrap its tariff wall and integrate globally; but the project of ever closer union within Europe has so far always been given priority over economic growth.

Europe's Disastrous Single Currency

Nothing illustrates the tension between ever closer union and the need for economic reform than the euro, the EU’s biggest institutional achievement. The euro is often called Europe’s ‘single currency’, meaning that it is the one and only legal tender in the 19 countries that have adopted it. It didn’t have to be. In the 1990s the British advocated an EU currency that would circulate freely alongside the national currencies of the member states – so a common currency, not a single currency. The idea went nowhere, even though the British scheme would have allowed a European currency to evolve spontaneously, and perhaps eventually become de facto the single European currency, but without the distortions and tensions that the euro has introduced. But such a bottom-up, devolved approach would be anathema to the centralism of the EU.

Indeed, the story of the euro shows how powerful groupthink and fashion among governing elites can be in defiance of the clearest argument and evidence. Many economists argued that a single currency wouldn’t work if it embraced both the richer north and the poorer south of Europe; a single exchange rate would prove to be too low for the rich countries and too high for the poorer ones, distorting trade patterns (and Germany’s current account surplus is indeed an enormous eight per cent of GDP). As well, if the Eurozone countries were at different phases of the trade cycle, a single interest rate would be pro-cyclical, that is, too low for booming economies and too high for those in recession, and so would pull Europe’s economies apart, not push them together. Abundant evidence backing up these warnings was available from German reunification in 1990, when former East Germany’s old currency was replaced, virtually overnight, by West Germany’s Deutschemark. It was exchanged at a rate of one east mark for one Deutschemark, when the market rate was five or six east marks for one Deutschemark. This inflicted an excessively high exchange rate on the relatively poor eastern area of Germany, which consequently became trapped in a deep recession for years. The subsequent huge subsidies from West to East and mass migration from East to West for years generated popular disillusionment with reunification.

Germany at least tried to delay introducing the euro until European fiscal and political union had been achieved. But the French, cynical and manipulative as ever in their EU policies, wanted to introduce monetary union quickly precisely in order to hasten the fiscal and political union needed to make the euro work; and they won the argument. So the euro was born in 1999, run by a new supranational institution, the European Central Bank.

To give the euro credibility, each eurozone state had to agree to adopt German standards of fiscal discipline by observing strict limits on budget deficits and national debts – the so-called 'convergence criteria' – on pain of being fined by the European Central Bank. The idea was that if the euro states ran budgets as tight as Germany's, they would gradually achieve German levels of stability and prosperity. But in practice the fiscal limits were breached almost at once by Germany and France – which then rewrote the rules to avoid being fined. Other countries got the message, launched spending sprees, and none was ever fined. That set up the Eurozone to be overwhelmed by the global financial crisis of 2008. Five countries were bailed out – Greece, Spain, Ireland, Portugal and Cyprus. Normally, when countries are bailed out by the IMF they have to balance their budgets, but also have to devalue their currencies to give their economies a compensating boost. But in the Eurozone that's impossible. The entire adjustment had to be borne by fiscal policy, and so the bailed out countries went into recession, which actually had the effect of increasing their debt burdens.

Most of the bailed out countries are slowly recovering, having enacted some necessary domestic reforms to offset the spending cuts and tax rises. The one country which may not recover is Greece. In 2011 Greece's condition looked so dire – the national debt so big that it could never be repaid – that it was widely expected to fall out of the Eurozone. Then followed an extraordinary episode that showed just how committed the EU is to the euro and how far it was prepared to go to defend it. The government of George Papandreou proposed to put the terms of the bailout to popular referendum, expecting them to be rejected. French President Sarkozy and German Chancellor Merkel then publicly informed the Greek government that the referendum could go ahead only if the question was changed to whether Greece should remain in the Eurozone. They knew that a referendum on that question was likely to pass (unlike the proposed referendum on the bailout terms), but they also knew that Papandreou's domestic position was so weak that their intervention would topple him. Papandreou duly resigned, the referendum was cancelled, and a new government accepted the terms of the bailout.

What was so egregious about the French and German intervention is that it had no legal basis whatever, for all that the EU claims to be devoted to the rule of law. It reflected purely the power of the purse, given that France and Germany would finance the lion's share of the bailout, and given that Greece felt too small and weak to cut itself loose from the Eurozone, let alone the EU itself. The Greek press ran cartoons showing Chancellor Merkel in Nazi uniform, and a veteran Greek politician argued that the German bailout money should be treated as compensation for the German occupation and plunder of Greece during World War II. Meanwhile a joke circulated in Germany, like those rather bitterly ironic jokes that used to circulate in the communist bloc and get straight to the truth.

> *The Greek, the Spaniard and the Irishman went into a bar for a drink. Who paid? Answer: the German.*

So the euro, intended as it was to bring the countries of Europe together in a shared project and destiny, had ended up provoking division between them.

Since then Greece has slowly succumbed to indirect rule by the European Union. Its economy has shrunk by over a quarter, and youth unemployment exceeds 50 per cent. Many of the most skilled young people have emigrated. In 2014 a left-wing party, Syriza, came to power on an anti-austerity platform. In 2015 it held a popular referendum, in which the people rejected the terms of the country's third bailout by the EU. This time the European Union didn't try to stop the referendum but simply ignored the outcome and imposed the bailout terms anyway.

I've not spoken to any supporter of the EU who can convincingly defend its treatment of Greece. The official EU line is that Greece needs to reform itself, and that's true: it's a deeply corrupt and misgoverned country, and in the long run liberal economic reform is indeed the only reliable path to prosperity. As well, the Greeks can now too easily blame the EU for problems that are really of their own making. Yet the short-term political and economic cost of reform is greatly magnified because Greece can't devalue its currency so as to boost its exports. The IMF is pressing for Greece to be allowed to write off much of its national debt (which is approaching 200 per cent of its GDP) but the EU has ruled that out, because the German government can't afford to give up pretending to its taxpayers that the Greek loans will be repaid: the moment it admitted that Germany was in fact the EU's milch cow, it would face a taxpayers' revolt. But nor can the EU sanction even a temporary departure of Greece from the Eurozone to help it recover, since as soon as that happened other bailed out member states could demand the same relief, and the single currency could rapidly disintegrate.

Ever Closer Union?

Instead, the EU is responding to the euro crisis as it does to every crisis: by planning yet another drive to 'ever closer union'. In his State of the Union Address delivered on 13 September, Mr Juncker announced plans for a common Labour Authority, a Banking Union, a European Social Standards Union, and a European Defence Union. He also proposed qualified majority voting on harmonised consumption taxes and corporate taxes (so Ireland could at last be made to sacrifice its competitive low corporate tax rate), and even funding for transnational political parties to contest European parliamentary elections. To bolster the monetary union, Juncker proposed a new European Minister of Economy and Finance, in effect a fiscal union. He did not refer to the deep division between France and Germany on how it should operate. The French envisage pooling the Eurozone's national debts in a transfer union, so that money would flow from richer to poorer states as automatically as it does from richer to poorer regions within individual states. Germany opposes automatic redistribution among member states because the German public would never consent to Germany becoming the permanent milch cow of the EU, as it surely would be in any transfer union. Instead, it proposes that the new ministry should rigorously enforce the original 'convergence criteria' of the euro, that is, impose budget balance on every member state. That might remove the need for transfers between the member states, but it promises only permanent depression for bankrupt countries like Greece since they can't devalue their currencies.

Both the French and the German proposals for fiscal union would mean all member states agreeing to transfer budgetary powers to the EU and harmonising their tax and welfare policies. But such unanimous consent is unlikely to be forthcoming. Yet unless something changes the distortions generated by the euro are likely to produce another crisis when the economy next turns down. Commentators think the weak link is actually Italy. Unlike Greece, Italy is too big to be bailed out. Its national debt is well over 100 per cent of its GDP and its banks are sitting precariously on bad debts worth about 20 per cent of Italy's GDP – a figure that isn't falling because Italy's economy virtually stopped growing when it adopted the euro in 1999. If Italy did go bust it would likely simply fall out of the euro, risking the survival of the entire Eurozone.

It's hardly surprising that Europeans are increasingly sceptical about the European Union. Opinion polls show a pattern of sentiment similar to that which the referendum revealed in the UK: elites strongly favour the EU, but popular majorities in most countries see little benefit from it and favour the return of some powers to member states. There's no popular demand at all for 'ever closer union'. True, in no country do polls show a majority in favour of leaving the EU, but Eurosceptic political parties do now exist in most countries, and have gained ground in recent elections in Germany, Austria and the Czech Republic.

It's pretty clear that Europe needs a new constitutional settlement. Europe's core national identities have resisted the EU's attempt to replace them with a wholesale European identity, even though Europeans generally do also subscribe to a European identity. A reformed European Union would therefore ideally move away from being a super-state in the making and seek to create unity out of that diversity – just as the Australian and other modern federations preserve the identities and constitutions of their constituent parts. Any such reform is most likely to result from a combination of events and popular pressure that starts a piecemeal return of powers to the member states. Some decades ago the British advocated that member states should decide for themselves which areas and levels of EU integration to adopt (and Britain and a few other states have indeed opted out of the euro and some other EU arrangements). They thought that that was the only way to keep the EU together as it expanded its membership to embrace nearly the whole continent. They've been proved right as the EU's latest drive for further integration has overreached: its proposed fiscal union seems beyond realisation, and even if it were realised it could turn out to be yet another source of antagonism between member states.

But, as we've seen, there's no prospect of the present leadership of the EU entertaining any orderly retreat from ever closer union. Here I can usefully quote yet again (but for the last time) Jean-Claude Juncker: 'Borders are the worst invention ever made by politicians.' He said this in August 2016, as if fanatically determined not to learn anything from the Brexit vote. Juncker's visceral loathing of national borders is typical of his generation of Eurocrats, whose outlook was formed by World War II. This makes them ill-equipped to manage either the existing pressures for reform in the EU or the fall-out from any future euro crisis, which is therefore that much more likely to be chaotic and unpredictable. I therefore can't be optimistic about the future of the existing European Union. But I also think that all the elements of a successful European association exist that a future generation of European politicians might one day bring together. Any such politicians would most likely come largely from southern Europe, which has endured the severe recessions inflicted by sustaining the single currency, or from eastern Europe, where countries have recently regained their national sovereignty after the collapse of the Soviet empire and are particularly keen to retain it. Back in the 1960s, France's President de Gaulle for a time resisted the emerging European super-state and promoted a vision of what he called *Europe des patries*, a Europe of nation states. If that vision were to be revived and to gain currency, it would help Europe to start its necessary retreat from the dead end of ever closer union towards a genuinely accountable and legitimate international association.

Concluding Thoughts

A final observation. The European Union has failed to generate a European identity that would legitimise its drive to ever closer union, but it won't or can't renounce that drive. As a result it's come to look like a power system devoted to self-aggrandisement and like a vehicle for the self-enrichment of career bureaucrats, for which it provides abundant opportunities, as international organisations tend to do; indeed, corruption is so endemic in the EU that it's more than 20 years since the auditors fully signed off the EU's books. Perhaps that's why, when a serious and urgent problem arises in Europe, the EU can suddenly seem weak, cumbersome, and leaderless, while the member states come into their own. When in 2015 the flow of migrants from the Middle East and Africa surged, Germany's Chancellor Merkel invited them all to come and live in Germany. She didn't consult her EU partners and just ignored the existing EU arrangement whereby migrants seek asylum in the first country that receives them. When the public reaction set in, the EU did arrange with Turkey to stop the flow of migrants into Greece. But it failed to stop the flow into Italy, which has been left to deal with it alone as its EU neighbours, France and Austria, have closed their borders to the migrants. Such a failure makes many Italians wonder what the European Union is for; and indeed it suggests that the ideal of ‘ever closer union’ is at bottom just a conceit or a fantasy entertained by Europe’s elites and no one else. Surely it’s time for Italy and its neighbours to learn to deal directly with one another to solve what is after all a common problem, and in so doing to start to turn the EU into the association of independent states it should always have been.