Europe in Crisis: Looking Ahead from a Historical Perspective

These are troubling times for the continent, critical times: people can agree on precious little regarding Europe, but one thing they can agree on is this. The policy challenges are multiple and complex but the fundamental problem is something deeper and more profound than a question of this or that policy. Two hundred years ago, Europe was a slogan, a set of principles, without an organization. Today Europe is an organization, or a complex of them, in search of principles. Or perhaps better: in search of new principles to replace some of the old ones. To articulate, to redefine these, requires us to raise ourselves above the sense of crisis for a moment and to try to see things in the longer-term. I say this because I believe we are at a historical turning-point, albeit one that has been poorly understood. There was the age in which `Europe' was little more than a slogan; this lasted from 1815 until 1945; there was the age in which Europe began to emerge as a project, unprecedented but modest in scope compared with today, an age, roughly between 1950 and 1980 in which national economies flourished across western `Europe; and there was a third phase, around and after the end of the Cold War in which the Union itself intensified even as states weakened and economies boomed, a phase that ended abruptly in 2009. And then there is now.

So: in this lecture, I'll begin by giving a brief historian's perspective on how Europe's meanings have changed over time, tracing what happened as we move from the age

of ideas [the 19th century] into that of organisations and international bodies [the 20th] so that we can ask what principles might survive from this history to breathe new life into the organisations themselves. I will then turn to how the geopolitical setting has inflected the definition and ambit of the European project [or better, projects] over the past century. I am not a professional Eurologist so all I can hope to contribute is a historian's perspective, better at discerning long-run trends than setting guidelines for short-term policy, least of all in a moment of crisis. But because so much of the problem, I think, has been caused by the wrong kind of historical thinking, the easy appeal to historical stereotypes and the astonishing persistence of huge gulfs in understanding between different nations, it may be helpful too to say something about where history should and should not be invoked. The nature of this conjoined crisis – and the interrelations between the impact of austerity on the one hand, and the refugee crisis on the other, complicated further by the recent terrorist attacks in Paris and elsewhere – demand some kind of contextualization if we are to figure out the options for the future.

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So let me begin with some history. At the start of the nineteenth century both Napoleon and his opponents used Europe in a political sense. Napoleon's gesturing to the idea of a continent unified by rational legislation never seemed able to shake off its French origins; yet of course his actual influence over legislation and habits of thought was immense. It was the victors at Vienna exactly two centuries ago who were perhaps the first to think through the relationship between Europe and power.

To be sure, for them it was primarily a policing matter, a means of forestalling revolution even when that meant trampling on the rights of smaller states and nations. Indeed when Metternich's secretary Gentz said that Europe 'seems really to form a grand political family', it was principally to legitimize the truly astonishing power the four great victorious powers over the French had arrogated to themselves to tell not only the French but also smaller allied states what to do. The fear that this talk of Europe was just a device to suppress revolution, that its essence what the critical British foreign secretary George Canning called 'the doctrine of a European police', was powerful so long as Metternich in particular was in power. This equating of Europe with counter-revolution was reinforced by the spread of the idea, popularized by the Monroe Doctrine, of a world divided into two – a New World of popular republics and an older, European world, of monarchy and autocracy. 'Each nation has its own rights but Europe too has its rights, given it by the order of society,' this rubric, enunciated in 1831 at the conference that created Belgium as an independent state, was basically a vision of Europe as – in Schmittian terms – a right to intervene.

This conservative vision of Europe was important chiefly because it provoked a counter-discourse that also saw itself in European terms. Those who opposed it were a motley crew of pacifists, free traders, early socialists and radicals. Among them were some, their *future* influence greater than at the time, who saw in Europe the possibility of a democratic political ideal. Giuseppe Mazzini, the Italian revolutionary, is the outstanding example of someone who wanted to rescue the

idea of Europe from the diplomats and recast it as a community of peoples. The Mazzinian conception – crucial for anyone wanting to understand Europe today - involved a synthesis of nationalism and internationalism. The task for the radicals of appealing to popular opinion over the head of their rulers involved projecting a sense of *national* community, but –for Mazzini, and those who thought like him – this was not only compatible with *internationalism* but required it. Today, when internationalism and nationalism are regarded generally as opposites, it is perhaps hard to recapture the logic of this but it was an influential conception and I think it is what has helped a European community of states to flourish. Three years after founding his revolutionary organization Young Italy, Mazzini founded Young Europe, a coordinating body to unify the national revolutions that he hoped would bring down the Holy Alliance. 'What we need,' he wrote, 'is a single union of all the European peoples who are striving towards the same goal..' That goal was the toppling of despotism and the prevention of foreign interventions against revolution. To be a nationalist – an Italian, or a Polish or Hungarian nationalist – meant to think internationally, if only because your enemies were too.

And this balancing, the reciprocal development, of nationalism and internationalism outlived Mazzini and profoundly shaped the twentieth century. On the one hand there was communism: Karl Marx was of course notoriously hostile to Mazzini and his message but one reason for this hostility was that in many ways his own message was so similar. Marx might decry Mazzini's efforts to 'install himself as the central committee of European Democracy', but substitute proletariat for nation,

and was not Marx hoping for something similar? And in any case, not only was Marx's own vehicle the International Workingmen's Association composed of national committees but his most important followers, Lenin and the Bolsheviks, quickly realized even before 1917 was out, that their internationalism necessitated coming to terms with nationalism as well. Anyone who seriously thinks the Bolsheviks had no sense of nationalism has paid little attention to the evolution of Soviet nationalities policy between the two world wars.

If international communism, and socialism more broadly, cast an internationalist vision in nationalist terms, so did their principal ideological opposition in the shape of Wilsonian liberalism. For Wilson, too, national self-determination and the League of Nations were two sides of the same coin, a realization of the Mazzinian program, monarchs toppled and democracies, either republics or constitutional monarchies established across Europe and elsewhere.

Where this left what scholars usually refer to as 'the European idea' after 1919 is a good question. Although we don't usually think of it this way, the League of Nations was itself of course a kind of proto-European governance body. A large number of its members were European, many of the principal security issues it dealt with were in Europe, and above all it was the product of a Eurocentric age which is to say one in which the stability of Europe was regarded as *the* central diplomatic priority of the age. It was wars that Europeans started that were *world* wars not those that took place in south America or anywhere else. [Why else do we still date the 'world

war' to 1939, rather than, say 1931 or 1941?] And there were of course a number of specific ways in which the League shaped Europe – primarily in the realm of technical services and infrastructural coordination that foreshadowed later developments. But there were limits to this process too and when French foreign minister Aristide Briand tried to work through the League in 1929 and 1930 to ward off the effects of the onrushing slump, and prop up east European wheat prices in particular, he failed.

The League's tentative steps to model a new kind of diplomacy through international cooperation were constrained. They were constrained by the tendency of the Great Powers to continue to run the affairs of Europe in 19th century fashion: statesmen and diplomats were still more important than bureaucrats and lawyers. And they were constrained by the fact that as a body the League was so associated with the Versailles peace settlement. One consequence of this was that revisionist diplomacy was often anti-internationalist as well, a phenomenon seem most clearly in National Socialist legal thought which developed a sustained critique of interwar internationalism in all forms. It is no accident that the League flourished in the brief period when German foreign policy under Gustav Stresemann embraced it and declined when Hitler turned his back on it. Europe was simply too divided ideologically between the wars, for any more robust form of Europeanism to take root. [In fact the best-known interwar incarnation of the European idea, Count Koudenhove-Kalergi's pan-European movement, not I think in itself really very

important at all, was principally a kind of anti-Bolshevik front with little to say about the positive content of Europe at all.]

All of this changed with the Second World War which added two important new strands to the formation of thinking about Europe. One was federalism. When Briand had proposed a federal United States of Europe in 1930 he had been laughed down. The idea that the war had been caused by nationalism led however to federalism becoming immensely popular after 1939 and although it declined after 1945, federalist sentiment was pronounced within sectors of the resistance, including among some of the well-known founding fathers of the European Community. Among them – Spinelli would be an example - there was often a strong Mazzinian influence. But 'ever closer union' is a phrase and an aspiration that clearly reflects that wartime moment when some Europeans aspired to forge a polity that could challenge the two unions of the future – the USA and the USSR; when we cling to it like a child clings to a blanket, we can forget how old it is and whence it emerged.

Also during the war, though less emphasized by historians of the European Union for a long time, key forms of practical economic cooperation, say in the Ruhr, were emerging under the Germans and espoused in one way or another by Berlin's New Order. French and Belgian coal and German steel could scarcely live without one another for instance; Danish dairy producers depended on the German market. And these too reflected a specific moment in time – this time, in the development of the

European economy, with still significant peasantries and concentration in the sectors characteristic of the industrial revolution.

These would in many ways comprise the main two dimensions of the postwar Europeanism that led – very indirectly – to the Common Market. On the one hand, the idea that some form of pooled sovereignty, some version of federalism however understood, was necessary to prevent fascism recurring. Federalism was anti-fascism and anti-fascism was a peace policy for the continent. That was one strand. And the other, emanating not from young radical activists but from businessmen and bureaucrats, was the realization that had first dawned in wartime Berlin and was relearned in Paris and London and Bonn after the war, that the development of the west European economies necessitated cross-border cooperation within industries and sectors, something later theorized by political scientists as functionalism.

What conclusions should we draw from this historical sketch? Well, one is that there was never just one conception of why Europe mattered, and not only were there multiple versions of this but often they were mutually opposed: Europe was from the start about choices and principles. Second, that as we have learned from historians of the process, the path to European integration was a twisted and unpredictable one.

And if this was true before 1945, it was no less true afterwards. The core impulse to build Europe was now overwhelmingly that of enshrining a lasting peace – but the question of how to get there was not at all clear. There were many false starts and dead ends. We have learned for instance that the Council of Europe was conceived as something far more substantial at its inception than it became during the postwar era. The European Defence Community – a plan for a pan-European military designed to solve the problem of West German rearmament – was way ahead of its time in 1952 and died in the French parliament. The Americans originally had plans to create a serious transnational European planning mechanism in association with the Marshall Plan but these dwindled in scope until they turned into the OECD, not a negligible body but for most of its existence nothing like what had been envisaged in 1947. The European Convention on Human Rights, like the European Court of Justice, started off very modestly indeed. One wonders what the ECJ's architects would make of its current enormous rule as enforcer of the 2012 treaty enforcing austerity in the name of fiscal stability, a role that has emerged with scant institutional review and little publicity.

In fact, the real start of the Europe we have grown up in, the push of the mid-1950s and the creation of the common market, with its twin achievements of a slow liberalization of commerce and cross-national subsidies for peasants, was in many ways a reset, a response to the failure of earlier European initiatives. These developments took place in the context of a post-European world, one in which Europe had lost the ability to determine its own future, amid the burgeoning Cold

War, and the essential American security guarantee provided by NATO. That is one difference with the present. Another is that although they represented a gradual retreat from interwar autarky, it was only a *very* gradual retreat: exchange controls were not immediately limited, restrictions on capital movements remained in force in many countries well into the 1950s, and state economic planning remained a principal vehicle for state economic dirigisme on both sides of the Iron Curtain. Capital controls, following 1929, had become a new orthodoxy and they were indeed permitted in the founding articles of the IMF where they remain. [After the 1947 dollar crisis, caused in part by Washington's insistence on European states eliminating controls on capital movements, the US became much more understanding about the need for them, until the late 1970s.] This modesty of goals was matched by 'Europe's' geographical limits: the Europe of the founding Six was a very different beast in every way from today's Union, and its role of reintegrating West Germany into a new European order was obvious. There was of course the rhetoric of 'ever-closer' union but at a time when trade to GNP averages were low compared to today, this could be understood primarily as preventing a return to the autarky of the interwar years and warding off the depression that commentators in the 1950s feared was round the corner.

What is striking in retrospect is how *un*-European, by comparison with today, the *trentes glorieuses*, the years of the truly extraordinary postwar economic boom, were. Two very significant goals were achieved – one: of demonstrating that capitalism did not necessarily lead to periodic depression and mass unemployment;

the other, that a new Franco-German relationship was possible, one that abjured war and ultimately made it unthinkable. The Common Market was part of this dual learning process but only part. When the postwar boom petered out amid the oil shocks of the 1970s, European integration had effectively been on hold for some time. It is salutary today I think to recollect that the period of postwar reconstruction which effectively reconciled Europeans to democracy by showing them that it could guarantee a humane and pacific form of capitalism was one in which European integration made only modest strides forward. The nationalism/internationalism balance that I alluded to at the start as being so important in Europeanist thought accommodated in those days a much more robust version of national autonomy over say monetary policy, migration policy, labour relations, and long-range development planning than could be possible today. *The popularity of the European idea was in effect reinforced by its association with these very positive political and economic develop*ments and I shall return to this point at the end.

It is noteworthy, too, I think, that before 1979 there was rather little discussion of European legitimacy. At this time the European Parliament was, thanks chiefly to de Gaulle's determination to minimize its powers, of much less consequence than it is today. De Gaulle's departure also freed up the Commission to play the much greater role that we have become familiar with. I find it noteworthy that the European Economic Committee had, before 1985, felt no need for a flag and even then was content to share the use of the circle of stars that the Council of Europe had adopted

back in 1955. In other words, it was not until virtually the end of the Cold War that the European Community encountered the question of legitimation to any significant degree.

When it did, it was in an era of sudden and spectacular geopolitical transformation. I want to single out three critical changes in the context of the European story at the end of the 20th century. First there was massive expansion of the club. In the 1980s in southern Europe as in the 1990s in Eastern Europe, expansion of membership was essentially driven by political imperatives whose economic and social consequences, it was felt, could be left to be taken care of later. I don't need to rehearse the difficulties this expansion was bound to cause for an organization, the Union, that was simultaneously widening *and* deepening its competences. The much greater complication of ratifying policies, the extension of membership to countries with weak or relatively corrupt states, the ensuing reliance on the Commission bureaucracy *and* European legal mechanisms to minimize the political complexities of getting anything done all intensified the legitimacy crisis. On the other hand, the Union's legitimacy was massively enhanced. I think we should be struck not by the difficulties that followed but rather by the success with which much poorer regions on the south and eastern periphery of Europe were formally integrated into, and helped enrich, the governance mechanisms of the Union. It could rely at this time, and to a large extent it still can, on its symbolic association with the successful economic and security record of western Europe in surmounting the legacies of two world wars. And it proved, through the extraordinarily peaceful way in which

integration took place, that this new Europe did – the former Yugoslavia aside – seem to have moved into a phase historically unprecedented since the rise of the nation-state in which inter-state war was all but unthinkable. This was a real achievement but not one we should take for granted.

Second, there was the impact of the globalization of markets, first commercial and then, and even more consequentially, of financial markets. To my mind, this is where the most fundamental challenges for Europe now lie because they implied a very substantial reconfiguring of the balance between nationalism and internationalism. Whereas, as I have emphasized, the postwar economic boom took place in an era when states still directed economic planning and mediated in industrial relations, an era of large European peasantries and unionized workforces, the acceleration of the European integration process in the late 20th century took place against a backdrop of spreading neoliberalism, the collapse of corporatist wage bargaining, shifts in the public-private balance, privatization of utilities and a consequent transfer of competences from state executives and legislatures to mixed regulatory agencies, tribunals and constitutional courts, as well as major international banks and corporations. One way of summing this up [for reasons I have discussed elsewhere] would be as the shift from a world of government to a world of govern*ance*.

If this change can only be identified in quite new terms, the third and last change, possibly the most consequential of all, looks at first glance like something quite old-fashioned: this was the reunification of Germany and hence the impact on the

European Union for the first time of unquestioned German predominance. It would not be going too far to say that the entire process of postwar European integration had been from the start a kind of transnational German policy, espoused simultaneously and in different forms first by the British and the Americans, then by the French and now by the Germans themselves. That Europe was above all a means of winning and preserving the peace was understood by all after the war. Only now, the peace has been won, and Europe is – to simplify a little, but only a little - in German hands . In itself, this is neither a good nor a bad thing, I think. What it has meant is that the fate of Europe hangs to an unprecedented degree on the wisdom or foolishness of German policy. German wishes [for reasons we can discuss perhaps] have driven the move away from parliaments and towards using courts as arbiters and enforcers of European policy; German attitudes to debt, stemming partly from historical memories of 1923 and partly from the real costs, still felt by the budgets of the *Laender*, of reunification, have locked the Eurozone into a very high degree of fiscal tightening; and now German policy on immigration, led directly by the Chancellor, is driving the Union's response to the human outflow from Syria.

And so we come to the fundamental institutional shift that accompanied German reunification – the creation of the Eurozone. There have always been sceptics about the very idea of course. I am not one, because I can see the great advantages to a single currency area. But I do agree with Martin Sandbu, a commentator who writes for the *Financial Times*, that the problem today is not monetary union itself so much as the way that union has been managed and is managed today. Put simply, the rules

are the problem and anyone who thinks they are not needs to explain why to the hundreds of thousands of twenty somethings in Europe today facing a lifetime without employment. This was not immediately apparent because the Euro in effect bought universal acceptance of the new German hegemony by demonstrating one of its benefits – access to world capital on terms justified principally by the underlying strength of the German economy. For a time, Europe appeared to occupy a privileged position in global markets – a beneficiary of financial globalization that seemed immune to the ever more frequent financial crises that hit other parts of the world – Russia, East Asia, South and Central America – and that Martin Wolf, another *FT* commentator, has linked to the new global model of capital flows.

For a time: because from 2009 on, this suddenly changed of course. And at that point all the underlying problems of a monetary union became visible – the widening gap between northern and southern Europe, the reduction of politics to a problem of financial management, the corrosive impact in debtor countries on political parties foolhardy enough to try to manage austerity, the shift to trying to lock supposedly unreliable legislatures in to constitutionally mandated fiscal commitments, an approach beloved of the Germans but extended more widely.

Viewed from the debtor fringe, the question has been, not why austerity – but why austerity pursued in this way and to this degree? Why was Europe locked into the Maastricht criteria? Why was it so comparatively easy to provide private sector relief to the banks but relatively hard to provide meaningful public sector relief? A

word or two here about Greece, a country I know relatively well. There can be no doubt that the country binged before 2009, that corruption and limited fiscal reach were a large problem, and that successive political elites have failed to get to grips with many of the underlying problems. To say that the EU has badly mishandled things is not to give the Greek authorities an alibi. It is to acknowledge as the IMF and others have done that policy has made a bad situation worse, and that the degree of fiscal tightening has been excessive.

An EU with an inflation rate of 0.1% and a youth unemployment rate of over 20% is an EU that to put it crudely prioritises the old and the rich above the young and the poor. Austerity is the chief policy challenge for Europe, I believe, and the one that shows up most poignantly the crisis of long-term leadership at the top of the Union itself. It is not only a Eurozone matter although it can only be resolved within the zone: but fiscal rules [with penalties] that produce below-target inflation [with no penalty] and historically high levels of unemployment [also with no penalty] in many members states is clearly not behaving optimally and dragging down the Union politically. But once we address the current crisis, there are other obvious aspects to consider as well - chief among these what is now labeled the refugee crisis.

Although wars in the Middle East and Africa had, along with other factors, for many years led to migrants and refugees from those regions making their way into Europe from the start of this century, the war in Syria has produced an inherently

unsustainable situation, qualitatively different from what preceded it. The data are telling: 58,000 arrivals into the Union by sea in 2008, a number that fell to 10,000 in 2010, before rising abruptly again from 58,000 in 2014 to more than 860,000 already this year. Of these, 715,000 have come via Greece, completely overwhelming the country's never very efficient bureaucracy.

Our response to this crisis will require an ability to differentiate. What we are facing is in large measure the product of the war in Syria; that is one thing. Ending the war will not end the fact that people will want to enter Europe in future but these numbers, and these routes, will no longer be as significant. Second, we need to disentangle the Syrian refugee crisis from the question of terrorism. They are essentially different phenomena requiring different kinds of response. Of the five identified dead perpetrators involved in the Paris attacks, four were Belgian nationals with a Moroccan family background and one was French. The chief connection to the Syrian refugee crisis is the fake passport found at the scene that was made out in the name of a Syrian soldier now known to have died earlier in Syria. Thus there is a connection between the two but it is hardly a strong one. Third, the refugee crisis is part of a larger question of political leadership in Europe and the way it is understood and presented matters: it can be presented solely as a question of security and border management and political will [or absence thereof], in which refugees are a challenge to state authorities as opposed to a permanent feature of the modern world; and in which they are essentially a threat to be neutralized, whether this is a security threat or a cultural threat; or it can be seen in

solidaristic terms as a test of what Europe stands for, a test of the Union's capacity to help others as well as its own, a reminder of Europe's own origins in a war of massive population displacement. I think Chancellor Merkel's initiative last month was a remarkable expression of this, echoed in many public demonstrations of sympathy for the refugees over the past weeks. The Union suffers in general from what one might call a solidarity deficit, and I think it will not prosper until it makes it up. This requires explaining the demographic case for immigration, something the ageing European economy is actually going to need.

I do not under-estimate the difficulty of doing this at a time of growing introversion and xenophobia across the continent. In eastern Europe, countries that spent the best part of a century fighting for their borders and getting rid of their minorities now have a hard time accepting that part of the European compact is open borders and increased ethnic diversity. But it is not just in eastern Europe that nasty forms of rightwing politics are on the ascendancy. This is worrying because such people when in power do things that jeopardise Europe's commitment to democracy, because they thrive on conflict and are capable of stupidities with their neighbours, and because their nostalgia for a time that never was makes them fundamentally impatient of the kinds of political compromises the European Union relies upon.

But their rise needs to be explained and austerity and the refugee crisis are only part of the reason. I think there is a fundamental factor – the weakness of the arguments that are currently being made in favour of Europe. What can Europe's

supporters say? That it provides peace? But the peace is taken for granted. That its currency remains strong? But a great political project will never flourish on the basis of prudence alone. That the Union encourages growth? Hardly. Stability? But neoliberalism has weakened borders and state powers, above all in countries that are now being told their borders are the problem.

There should of course be plenty to say – about the merits of democracy and open debate, about concern for the environment and standards of living. So why isn't it being said more effectively? I think largely because the political articulation of the idea of a common good has suffered enormously in the past 30-40 years. A policy of *sauve qui peut* is not a winning formula for Europe. Merkel's firm stance on refugee policy was an impressive step in the right direction. But as long as German policy remains basically unchanged on austerity, Europe is going to be a hard sell – and more than ever once QE in US eases off. The Euro's inflation figures are still worryingly under target and fiscal tightening can get much worse before it gets better.

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So what are the implications of all this? Obviously, one major shift in approach I am advocating is to ease off on the Maastricht rules and return to some kind of expansive role for spending on public works by the Commission and the national govts. However annoying it may seem to do anything that will benefit the current government in Greece, I think a serious debt write-off is an essential aspect of this. On a larger scale, Europe needs a serious effort at an employment strategy that goes

beyond merely improving conditions for business: so far the Commission's proposals have amounted to little more than smoke and mirrors.

Greater flexibility in general regarding the way the European project is discussed would also be an improvement. Too often anyone questioning the wisdom of the acquis communitaire is equated with hardline Euroscepticism: the result is we do not have the debate we need about the path we have taken. In fact it is perfectly reasonable and perfectly 'European' to question whether every step forward since 1979 has been an achievement. By the same token, not every roll-back of competences need be regarded as failure or the beginning of the end, a slippery slope to Euro-Armageddon. A more relaxed attitude to what has been achieved might in fact be helpful. In my view, the 2012 Fiscal Stability Treaty was a debatable achievement for one thing and even after the French insisted on a Growth convention, the balance between fiscal prudence and macro-economic health remains all wrong. Similarly, the role allotted to the ECJ should not be cast in stone for another. One could actually imagine these and other legislative agreements being modified or even temporarily set aside for one reason or another and still the question of whether this meant Europe was finished or not would be very much moot. Why not hail the flexibility of the Union and its sensitivity to changing circumstances. 'Ever closer union' should not be an end in itself.

The truth is that we find ourselves in a new historical phase: we've not grown up through depression, war, occupation as Europe's founding father did. The old

Europe was designed to make these things history and it has. But if we stick to the old vision and don't show adaptability and sensitivity to the needs of our times, their achievement will be jeopardized. Anti-European forces are the tip of an iceberg. Across the continent, electorates take for granted what has been won and they are not wrong to do so. They have grown up in times of peace, when Franco-German war became unthinkable, when low inflation and low unemployment became the norm and dictatorship an oddity.

But to protect these achievements, those guiding Europe will need to convey the sense of new historical challenges, of living in new times and thinking afresh about Europe and its needs. They will need to discover inside themselves something of the far-sightedness that an earlier generation possessed but that has been lacking across the political spectrum in recent years. The most fundamental challenge is to find new ways, in a globalized world, of demonstrating once more that capitalism and democracy can be reconciled. Nothing could be harder now, especially given that the task is to reconcile capitalism not with one democracy but with 28. Yet if Europe, through excessive austerity, becomes identified with permanent stagnation, and levels of unemployment that consign entire generations to the scrapheap, the Union will never again become dear to its members.

The second challenge is to think about – and to explain the significance of - Europe's long-term demographic needs in connection with the refugee crisis in ways that make sense to people. One problem is that our existing terminology is hopeless:

refugees, migrants – the distinction is often hard to make and perhaps ultimately pointless. The fact is large numbers of people, however we categorise them, will try to reach Europe so long as it represents relative safety and prosperity. And at the same time, Europe needs people because its populations are ageing fast. Fascist parties play on popular fears but they have no real response to either.

A word on Greece perhaps, is relevant here - as it finds itself at the center of the two most serious ongoing crises. Deeply unfortunate, I believe, in the caliber of its governing class – whose inability to come together at a time of national emergency has no parallels elsewhere in the Union - the message delivered by its electorate has nevertheless been consistent across every election since the crisis erupted: stay in the Euro but on new terms. If this was once self-serving it is no longer and it is certainly not an unreasonable position. It suggests that while politicians may find it convenient to blame their voters for their nation's woes, sometimes no doubt with good reason, there is often a leadership problem as well. I think there is, and that it goes much wider.

Greece can serve as a warning of a different kind as well. It shows that political landscapes can change with astonishing speed in a crisis: look how PASOK collapsed from over 40% of the vote to under 10% in only a few years, a remarkable case of instability. And things could be worse. In Greece, we have so far been spared *real* political instability which would present the Union with far greater dilemmas that it has had to deal with so far. And what about outside Greece? Suppose we witnessed

the rise of a Nazi party on the scale of Golden Dawn in western Europe, God forbid in Germany itself: people might then take more seriously than they have had to till now the radicalizing potential of bad Union policy.

Finally, the thing I have been struck most by through the Greek Eurocrisis – the power and persistence of historical stereotypes throughout. In fact the Greeks of course weren't lazy – at all. The problem has been the system not the people (and I know plenty of Germans, Austrians and Dutch living in Greece and they don't pay their taxes either). Likewise, German policy is not best understood by conjuring up figures from the past – Hitler or Bismarck. Worse than insulting, such cartoon explanations prevent us understanding the real causes of what is happening. Yet their appeal seems eternal. The persistence of these national stereotypes has shown us how thin the European achievement really is. We have not done a good job of helping countries understand one another.

We have to get through the present crises even though some of them have no obvious solution and even though the European Union is not made for crisis management. But without a longer-term perspective and a greater strategic sense of what the Union is for, it will founder – and that is what is principally lacking. The media are culpable in their way too but even though we have to live with them, what we don't need to do is run policy exclusively on short-term time horizons.

What should be the characteristics of such a long-term strategy? Restoring a sense of the stakes, of the longer perspective. This does not require historical analogies. It is a nice game, I understand. Are we an empire – and if so are we Romans or Habsburgs? Or is the Union more like a medieval conglomeration and if so who is the Pope? Or perhaps, as Briand hoped, we are, or can be, like the United States – if only we can get there. The historical analogies are endless. The fact is we are none of these things – we are in new times, facing new pressures.

In bringing a new orientation to the formulation of European goals. I would stress flexibility. The old narrative stressed an inexorable telos: 'ever closer union'. It did so because history had placed so many obstacles to the thing ever getting off the ground at all. But now Europe is a reality, a highly complex set of organisations, procedures, debates. Things are different now to what they were in the 1950s. A Europe of 28 is already setting different speeds for different areas of policy. It needs to accept ever closer union may no longer be a desirable goal, short-term or long-term, and to spell out that saying this is not at all the same thing as being 'against Europe.' With unemployment hovering close to 10%, it will have to choose, in my view, between austerity and an ever-shrinking Eurozone or the fiscal expansion needed to keep the Euro as a more or less continental currency. In my view, the Union needs to be allowed to emerge as a mechanism for solidarity among peoples – that means larger scale public investments across borders and within borders across regions.

I am a Europeanist on the old lines and for many of the old reasons: I think Europe is a goal that makes sense when it aims to improve living standards for its entire population and this means fiscal and financial policy cannot alone fulfill the European mandate. [I prefer some of Briand's priorities – 'public works … communication and transit, finances, labor, hygiene']. I think national states need to be internationalist, especially in Europe and especially now in this changing world: the USA is set to remain the world's largest and most influential state for many decades, but its special relationship with Europe will evolve and Europe's place at the heart of US foreign policy is not secure. Russia and China, among others, need to be handled, and that is easier done by states acting collectively than separately.

Without a change of strategy, with more years of ineffectual firefighting, I think we are in for a very bleak few decades. The political elite belongs to a new generation that lacks the historical experiences of its predecessors. It will have to defend very much more strongly and imaginatively than it has done what will be lost if the Union loses its way. The more flexibility is built into economic policy, the more the commission is allowed to play something approximating the role of an old strategic investment agency, the easier. My fear is that none of this, though none of it is by any means impossible, will be done and that the alternative will be a new harsher life on the continent that has pioneered, in my view, the most important and remarkable experiments in social organization of the past century. But we should continue to hope, and to hope that Europe continues to be a place people want to come to rather than a place people want to leave, for a long time to come.