

# Troubles cast a shadow *Europe* on EU future *9/2/04*

Jonathan Fenby

Europe's currency has never been stronger. The European Union has been portrayed as a "post modern" association of states that have moved beyond the use of force to a more rational organization of their relations. Though still hobbled by inflexibilities, its economies are forecast to show stronger growth this year than last.

But, despite such factors, the EU is in deep trouble. Its failure to agree on a new constitution to come into effect when the community begins to grow from the current 15 to 25 members has highlighted the depth of the problem facing the EU. This has major implications for the rest of the world, suggesting that Europe will not be able to assume an international role commensurate with its size and economic weight.

At the same time, the insistence of France on pursuing a foreign policy that stands in contradiction to Washington can only perpetuate the trans-Atlantic strains that became apparent over Iraq. Meanwhile, the Continent is suffering from a leadership deficit that threatens to undermine planned efforts to broaden and deepen the EU.

For years, enlargement to include former communist countries of Central and Eastern Europe has been at the heart of the EU's future planning. There is no doubt that enlargement will go ahead, but the cost involved and the weakening of the relative position of the original member states, is raising some reservations. Such are the doubts that in France President Jacques Chirac is shying away from holding a referendum on the issue, afraid of defeat.

In place of the increasingly federal arrangements proposed by ardent Europhiles, national interests predominate. The division between opponents and supporters of the invasion of Iraq still runs through the community, exacerbated by the distinction drawn by US Defense Secretary Donald Rumsfeld between "old" and "new" Europe.

Spain and the first of the new entrants, Poland -- both of which backed Washington over Iraq -- have insisted on voting powers in the future Europe, which the proposed constitution would have denied them. Germany and France have broken the budget deficit rules of the euro currency zone. Britain remains outside the common currency, and looks as much to Washington as to Brussels as its major partner. Within the community, a recent report by the European Commission in Brussels revealed how poorly some leading member states who trumpet their adherence to the European ideal had performed in applying community directives that could have upset domestic lobbies.

Showing their impatience with the cumbersome nature of the community, with its overlapping zones of authority between the commission, national executives and legislatures and the council of ministers of member states, the leaders of Germany, France and Britain are due to meet on their own in Berlin in mid-February.

That has raised fears that they will seek to form a "core" of big players to lead the rest of the EU. Italy's foreign minister says this idea, which France has put forward in the past, would create "a divisive nucleus that would run the risk of posing a threat to European integration." Smaller countries are unhappy at the prospect. New members say it would

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change the playing field that they signed up to.

The basic problem facing the EU, nearly 40 years after the original Common Market was formed by the Treaty of Rome, is that it lacks the common political will necessary to provide the foundations for joint progress. For a quarter of a century, this was provided by the Cold War and the scope that the Common Market gave for development. Now the Soviet threat has gone, and economic conditions have become more challenging.

Institutionally, the arrangements contained in the Treaty of Rome for six countries clearly do not work for the current 15 member states, and would work even less for the projected 25. As for the original bargain of France taking political leadership while Germany provided the economic dynamic, the first is no longer acceptable -- though Paris cannot bring itself to recognize this -- while the second has been undermined by Germany's stumbling economic performance.

Things are made worse by faults in domestic leadership in major member nations. In Germany, Chancellor Gerhard Schroeder lies low in the opinion polls after scraping back to office. In France, Chirac won a massive re-election victory in 2002 in a freak poll against far right National Front leader Jean-Marie Le Pen but has since seen his popularity droop. In Britain, Prime Minister Tony Blair is faced with mounting criticism from within his own Labour Party of domestic policies and Britain's involvement in the Iraq war. In Italy, Prime Minister Silvio Berlusconi is the target of corruption law suits. To make things worse, the commission in Brussels is seen as a weak body unable to assert itself on member states over such issues as the French and German flouting of the euro-currency rules.

In the absence of leadership, Europe faces the existential question of what the community is really about. Is it, at heart, a free-trade area with some political superstructure built on top to facilitate its workings? Or should it be aiming to become a United States of Europe with joint political, economic and social policies stretching from the Atlantic to the Urals? Is it a collection of member states that will each make up its own mind on major international issues, as was the case with Iraq? Or should it seek to speak with a single voice on the world stage to act as a counterbalance to Washington, as Chirac would like?

In the past, the community has skirted round such questions, concentrating on targets such as creating a single market and establishing a common currency while leaving more fundamental issues unresolved at a string of summit meetings that have often ended in unsatisfactory compromises that store up trouble for the future. But taking the path of least resistance may become increasingly difficult as these deeper questions require answers if the enlarged community is to hang together.

The last authoritative president of the commission, Jacques Delors, was moved to observe in January that the EU was in "a state of latent crisis" lacking vision, heart and strategic realism. Washington still repeats former US Secretary of State Henry Kissinger's remark that, when he wanted to get Europe's view, who should he call?

Muddling through, as has been done in the last few years, may have avoided potentially dangerous internal confrontations, but the effect has been seriously to weaken what should be one of the major voices in the world. The greatest problem at present is that nobody seems to be able to raise the EU's game to escape from this situation.

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