

A fatal threat to the European project

Oliver Hartwich | The New Zealand Initiative | 20 November 2015

The Paris terror attacks are not just a terrible tragedy for those killed or injured and their families. Last weekend's events have severe political, strategic and economic implications, which could haunt France and the entire EU for years to come.

Writing in *The Australian* newspaper, Harvard historian Niall Ferguson went so far to compare the state of Europe to the dying days of the Roman Empire. Hyperbole or not, it is hard to deny that Europe was in bad shape before Black Friday. And it is already becoming clear how terrorism is making a bad situation worse.

To talk about the geopolitical implications first, one indirect beneficiary of ISIS's terror is Russian President Vladimir Putin. If European nations want to have a chance to defeat terrorism, they need Russia's help in Syria. Thus British Prime Minister, David Cameron, had a fringe meeting with Putin at the G20 summit and came to the conclusion that the differences with Russia over Syria were narrowing.

France went even further. Last year, France stopped the delivery of two helicopter carriers to Russia as a result of the Ukraine conflict. Now, it has become an official ally with Russia in their bombing campaign in Syria.

The EU is finding itself reliant on two authoritarian regimes as far as Syria is concerned. Militarily, it needs Russia to bomb the 'right' targets in Syria. To stop the flow of refugees, meanwhile, it needs to bargain with Turkey. Neither country is an easy ally for Europe, but given the threat of ISIS and the migrant crisis, you cannot be too picky in the choice of your partners.

The next victim of the Paris terror attacks is Europe's Schengen travel zone. French President François Hollande's immediate, and entirely plausible, reaction was to shut his country's borders in order to prevent an escape of terror suspects. In doing so, he demonstrated that even in an integrated Europe, nations can still control their borders if they wish to do so. This probably came as a surprise to Angela Merkel.

For the past couple of months, the German Chancellor has been repeating *ad nauseam* that Germany was unable (or just unwilling) to guard its borders. They were simply too long, and there was nothing that Germany could possibly do to stem or at least control the flow of migrants. Merkel's position had never been too plausible to start with. While she claimed that the 784-kilometre border with Austria could not be secured, she demanded of the Schengen Zone's outer members to protect their own borders, which are much longer.

President Hollande's unilateral closing of France's border made a mockery of Merkel's border policies. If France was able to shut its borders, then clearly its neighbour to the East could do the same.

The border closure is a serious issue. It goes to the heart of the European project, which meant to establish the free movement of people, capital, goods and services. The Schengen Agreement was a cornerstone of this policy and probably one of the most popular aspects of life in a united Europe. It was just so convenient to travel without borders and passport controls.

In an article probably written before Black Friday, but only published in London's Telegraph last Sunday, Roger Bootle explained why Schengen was failing: "Those who then envisaged the free movement of labour imagined a German might go to live and work in France, a French person might move to Germany, and so on." In other words, people from comparable countries moving freely between them.

After the EU's enlargement to the East, it had become a story of people moving from poorer to richer countries. According to Bootle this "has left countries' population levels at the mercy of these flows, thereby having major consequences for their labour markets, welfare systems, public services – and social cohesion".

Now add to Bootle's list of problems the security threats from terrorists crossing borders freely, and it is easy to see why the Schengen Area is on the brink. Even before Black Friday, European Council President, Donald Tusk, had already warned that "without effective control on our external borders, the Schengen rules will not survive". After the terror attacks, France reportedly called for at least a temporary suspension of Schengen in line with its declaration of a state of emergency.

Europe is going backwards on one of its central tenets – the establishment of the world's largest common market. Even if you are a eurosceptic, this is nothing to be jubilant about. You do not have to love the EU not to be happy about the resurrection of national borders in the heart of Europe.

Finally, there will be fiscal implications of Black Friday's terrorist attacks. It has not been reported widely but in his speech to both houses of Parliament, French President Hollande pointed out that France does no longer feel bound by the EU's Stability and Growth Pact. Announcing the creation of 8,500 jobs in police, justice and border administration, Hollande was frank enough to admit that his emergency measures would worsen France's financial situation. However, "the security pact prevails over the stability pact", Hollande added straight away.

You have to read Hollande's remarks in the context of France's general stance on the Pact. It was introduced under German pressure but resisted by France practically from the moment it was agreed. Over the past years, France tried to find ways and arguments to circumvent it. The terrorist attacks have finally given France just that. Who would dispute France's right to

defend itself even if it drives up budget deficits (and amounts to a clandestine stimulus package)?

Look beyond France, and you can see that this announced deviation from the Pact's conditions effectively means the end of pan-European fiscal rule. If France openly defies it, what are the chances that other European countries will still follow it? If needed, countries will always be able to find some sort of excuse for not meeting their fiscal obligations.

After only one week, the political result of terror is thus a strategically weakened EU forced to cooperate with authoritarian regimes in the East and the South. It is a Union that is gradually moving away from its ideal of free movement of people. And it is a Union which is discarding its own fiscal rules in the face of a security threat.

While all of these security-related crises are happening, Europe's other acute problems on refugees and monetary union remain fundamentally unsolved, the British are still discussing leaving the EU, and now the Finnish Parliament will also have to debate a departure from the eurozone following a mass petition.

These are troubled times for the EU. The multiple and simultaneous crises it faces are go to the core of the European project. Whether these combined crises are testing the Union to destruction remains to be seen.

Niall Ferguson may well be proven right that we are witnessing the end of an empire.



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