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Fiscal union can't save Europe

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After the horrors of World War II, European leaders such as France's Robert Schuman, West Germany's Konrad Adenauer and Italy's Alcide De Gasperi hoped Europe-wide institutions would submerge rival nationalisms within a unified whole. They started small, with the European Coal and Steel

Community, which was formed in 1951 among six Western European nations. But today the European Union is growing into an all-encompassing political union, including an ill-conceived common currency and a European Central Bank that sets a single monetary policy for 17 of the E.U.'s 27 member states.

Among the original aims of European integration was [the promotion](#) of cultural harmony among the different peoples of Europe. As Schuman declared in setting forth the original plan in 1950: "Through the consolidation of basic production and the institution of a new High Authority, whose decisions will bind France, Germany and the other countries that join, this proposal represents the first concrete step towards a European federation, imperative for the preservation of peace."

Well, this hasn't exactly worked out as planned. A debt crisis originating in Greece has spread first to Italy, Spain and Portugal, and now threatens even Northern Europe's economic core. Last week Germany was unable to sell more than two billion euros' worth of bonds, and interests rates are spiking throughout the Eurozone.

The European elite's response to the crisis has been to call for even greater fiscal and political integration. This will only exacerbate the current problems. As [Bentley](#) University economics professor Scott Sumner has noted, fiscal union means "German taxpayers would be asked to pay for wasteful government programs in Greece and Sicily, even as German voters would have no say in how the money is spent. That's a recipe for non-stop discord, for a revival of nationalism."

Advocates of the European Union often cite the United States as a model of successful continent-wide government. Some have even suggested that the problem with Europe is that it is not centralized enough. On this view, the modern E.U. resembles not so much the American constitutional system as it does its predecessor, the Articles of Confederation.

Europe, however, is not America. The American colonists were a diverse lot, but they lacked the profound differences in culture, language, history and religion that separate the Greeks from the Germans and the Finns from the French. Even so, the American Constitution was almost not ratified. The two largest states, Virginia and [New York](#) (the equivalents of France and Germany in today's Europe), ratified it only by narrow margins, and [Rhode Island](#) didn't ratify it until 1790, the year after it went into effect. Moreover, Europe lacks the equivalent of a George Washington, a figure beloved throughout the continent. Washington's popularity and moral authority allowed the fiscal integration of the new American union to succeed.

Even more fundamentally, the American experiment in federalism succeeded because it was [animated](#) by a spirit of liberty that is largely absent from the E.U. As Daniel Hannan, a British representative to the E.U., has noted, the preamble to the American Constitution begins with the words "We the people," whereas the preamble to the European Constitution (which was rejected by French and Dutch voters but later restyled as "the Lisbon Treaty") begins "His Majesty [the King](#) of the Belgians ...". While the American Constitution sets out briefly and succinctly the basic structure of government, the Lisbon Treaty runs for hundreds of pages and includes provisions dealing with such mundane matters as the "promotion of European sporting issues, while taking account of the specific nature of sport, its structures based on voluntary activity and its social and educational function."

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The Euro-elites will probably prevail in the short term because it takes a nationwide citizens movement some period of time to get aligned along some organizing principle that gives them strength and cohesiveness. In the longer term they will fail if for no other reason then this is the 21st century and no one is cut-off from anyone else nor can they be. The German's will not long stand still for being raped by the 'grasshoppers' that inhabit the more profligate union members and the French will never give up their peculiar national identity despite accusations of being 'surrender monkey's'.

Of course we are also being dragged into this financial maelstrom because of the huge amount of international trade we conduct with Europe and the 50+ % of their profits that American companies derive from that business. We have begun 'buying' , at a 1/2% discount, Euros from the Union so that they have sufficient liquidity in dollars to pay for the goods and services they purchase. Nothing wrong there until the Euro collapses and we find ourselves with accounts full of now worthless money that we've bought with more valuable dollars. I understand the short term need for doing this,... [show more](#)



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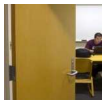
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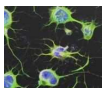
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