

Europe's Gravest Threat: Doctrines Diverged

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Eurocrisis in the
Press

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Europe's fiscal and economic crisis has revealed rifts in, what is often assumed to be a common understanding of the 'European Project.' Nowhere did the fact that different nations understand the 'European Project' quite differently come to a fore as explicitly as during 17 hour negotiations over a 3rd ESM programme for Greece—and particularly, in what different European nations view as the gravest threat to their common project.

As Euro Zone leaders negotiated through the night from July 12-13 the differences over what was at stake were laid bare. For some, including France and Italy, the possibility of any member leaving the EMU, a Grexit, put the entire 'European Project' [at stake](#). Losing even one member would set this common project on a trajectory of dissolution and undermine the principle of [solidarity](#) upon which it was founded. Moreover, how would the world see the EU if it failed to assist one of its smallest and weakest members? Such views hold that there is nothing essentially sacrosanct about the constitutional framework of treaties that established the EMU—rather, if this framework is not working, then political choice must override it. In particular, if maintaining the EMU requires fiscal transfers, then so be it, treaty allowing, or not.



For others, including Germany, the constitutional framework of treaties is sacrosanct. In this view the treaty framework is the mortar that makes the 'European Project' of cooperation and shared sovereignty, between diverse nations, possible in the first place. It sets out the rules and procedures through which members share responsibility and take collective decisions in governing their common affairs. To those who share this view sacrificing [basic principles](#) on which the common project was founded, is too high a price for keeping Greece in the EMU. In particular it is believed that the principle that the EMU is not a transfer union, and that each member state must ultimately fund itself, must be preserved. The thinking goes that the *ad hoc* suspension of this framework of rules (which would be required to keep Greece in the EMU) will set the common project on a [trajectory](#) where the very principles that govern and make possible cooperation and shared sovereignty are gradually eroded.

These doctrines represent divergent views on what is fundamentally necessary for the 'European Project' to succeed. It is too easy to call one or the other view 'anti-European.' They are just different, and not necessarily antithetical, though in practice it has proved difficult to reconcile them.

It is of course true that the framework of treaties, and the instruments it make available to leaders, is inadequate to the task responding appropriately to economic shocks. The monetary union is incomplete without the ability to make fiscal transfers. Even Schäuble would presumably agree to such transfers (e.g. debt relief) if the EMU's framework provided for that—but it doesn't. Alas the Europe of today was bequeathed an institutional framework that does not provide the instruments necessary for tackling the crisis it faces.

Though it would be theoretically possible to change this framework to make fiscal transfers possible, it is also clear that there are currently no concrete plans for deeper integration and political union—the necessary prerequisite for a transfer/fiscal union. In fact, the process of political unification was stopped by the French and Dutch referenda in 2005 (not by Germany, one should note). And today there is, in most countries, neither a parliamentary nor a

popular majority for political union. Finns, for instance, never signed up for a deal that would require them to subsidise the Greek state, and they certainly don't feel obliged to mandate such a deal now (see for example [German](#) and [Finnish](#) public opinion on the Greek bailout).

Even if there were concrete plans for a political union, including popular appetite for deeper integration as well as feelings of solidarity that supported transfers within the EMU (using Finnish state revenue to support Greek public spending), we must be absolutely clear that a political union would re-pose many of the current problems: what are the rules, and how do we enforce them?

What then, over the medium term, poses a graver threat to the 'European Project?' Maintaining the current composition of the EMUs membership while running roughshod (and against the will of northern electorates) over the treaties? Or enforcing the current framework, against the will of the electorates of the south, while risking to lose at least one member of the EMU? Those forced to make that decision face an unenviable choice, with uncertain outcomes.

Note: This article gives the views of the author, and not the position of the Euro Crisis in the Press blog, nor of the London School of Economics.

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