The Crisis of Europe

How the Union Came Together and Why It's Falling Apart

Timothy Garton Ash

May 10, 1943: German forces are destroying the Warsaw ghetto. Facing armed resistance from Polish Jewish fighters, they set fire to it house by house, burning some inhabitants alive and driving others out from the cellars. "Today, in sum 1,183 Jews were apprehended alive," notes the official report by the SS commander Jürgen Stroop. "187 Jews and bandits were shot. An indeterminable number of Jews and bandits were destroyed in blown-up bunkers. The total number of Jews processed so far has risen to 52,683." An appendix to this document contains the now-famous photograph of a terrified small boy in an outsize cloth cap, his hands held high in surrender. Marek Edelman, one of very few leaders of the Warsaw ghetto uprising to survive, concluded a memoir published immediately after the war with these words: "Those who were killed in action had done their duty to the end, to the last drop of blood that soaked into the pavements. . . . We, who did not perish, leave it up to you to keep the memory of them alive—forever."

Fast-forward exactly 60 years, to May 10, 2003, a month before Poland holds a referendum on whether to join the European Union. At a "yes" campaign rally in Warsaw, a banner in Poland's

TIMOTHY GARTON ASH is Professor of European Studies at Oxford University and a Senior Fellow at the Hoover Institution at Stanford University.

national colors, red and white, proclaims, "We go to Europe under the Polish flag." Outside the rebuilt Royal Castle, a choir of young girls in yellow and blue T-shirts—echoing the European flag's yellow stars on a blue background—breaks into song. To the music of the EU's official anthem, which is drawn from the final movement of Beethoven's Ninth Symphony, they sing, in Polish, the words of the German poet Friedrich Schiller's "Ode to Joy." Soon these young Poles will be able to move at will across most of a continent almost whole and free, to study, work, settle down, marry, and enjoy all the benefits of a generous European welfare state, in Dublin, Madrid, London, or Rome. "Be embraced, ye millions! This kiss to the entire world! Brothers, a loving father must live above that canopy of stars!"

To understand how a predicted crisis of European monetary union became an existential crisis of the whole post-1945 project of European unification, you have to see Europe's unique trajectory from one May 10 to the other. Both the memories of World War II and the exigencies of the Cold War drove three generations of Europeans to heights of peaceful unification that were unprecedented in European history and unmatched on any other continent. Yet that project began to go wrong soon after the fall of the Berlin Wall, as western European leaders hastily set course for a structurally flawed monetary union.

While many governments, companies, and households piled up unsustainable levels of debt, young Europeans from Portugal to Estonia and from Finland to Greece came to take peace, freedom, prosperity, and social security for granted. When the bubble burst, it left many feeling bitterly disappointed and led to excruciating divergences between the experiences of different nations. Now, with the current crisis still unresolved, Europe lacks most of the motivating forces that once propelled it toward unity. Even if a shared fear of the consequences of the eurozone's collapse saves it from the worst, Europe needs something more than fear to make it again the magnetic project it was for a half century. But what can that something be?

WAR ON THE MIND

Historians have identified many factors that contributed to the process of European integration, including the vital economic interests of European nations. Yet the single most important driving force across the continent was the memory of war. Among those parading down the streets of Warsaw in May 2003 was the bearded professor Bronislaw Geremek, who, as a ten-year-old Polish Jewish boy, had seen the Warsaw ghetto burning before his eyes. It was no accident that he became one of Poland's most ardent advocates of European integration, as a leader of the Solidarity movement, the Polish foreign minister, and then a member of the European Parliament.

To be sure, the Warsaw ghetto survivor, the Nazi soldier, the British officer, the French collaborator, the Swedish businessman, and the Slovak farmer had very different wars. Yet from all their throats rose the same passionate cry: "Never again!" For all the differences in national and subnational experiences across a hugely diverse continent, the historian Tony Judt could still title a history of Europe that covers the 60 years up to 2005 with a single word: *Postwar*. In this respect, if in no other, the European Union's favorite catch phrase, "Unity in diversity," was strictly accurate.

Those memories played an important role for those British Conservatives, most of them World War II veterans, who took the United Kingdom into the European Economic Community, the precursor to the European Union, in 1973. But above all, personal experience motivated those continental Europeans, up to and including French President François Mitterrand and German Chancellor Helmut Kohl, who created the EU of today. In a conversation I had with him after German reunification, Kohl delivered a line I will never forget. "Do you realize," he asked, "that you are sitting opposite the direct successor to Adolf Hitler?" As the first chancellor of a united Germany since Hitler, he explained, he was profoundly conscious of his historical duty to do things differently.

European integration has rightly been described as a project of the elites, but Europe's peoples shared these memories. When the project faltered, as it did many times, the elites' reaction was to seek some way forward, however complicated. Until the 1990s, when the custom of holding national referendums on European treaties began to spread, Europeans were seldom asked directly if they agreed with the solutions found, although they could periodically vote in or out of office the politicians responsible for finding them. Nonetheless, it is fair to say that for about 40 years, the project of European unification could rely on at least a passive consensus among most of Europe's national publics.

These 40 years were those of the Cold War, the other conflict that shaped the EU. From the 1940s through the 1970s, a central argument for Western European integration was to counter the Soviet threat, visible for all to see in the presence of the Red Army in East Germany and divided Berlin. Beside the memories of Europe's own self-inflicted barbarism, there were, so to speak, the barbarians at the gate. Soviet leaders from Joseph Stalin to Leonid Brezhnev should be awarded posthumous medals for their service to European integration.

Cold War competition also goes a long way to explaining why the United States lent such strong support to European unification, from the Marshall Plan of the 1940s to the diplomacy surrounding the reunification of Germany and the dissolution of the Soviet Union in 1989–91.

For the half of Europe stuck behind the Iron Curtain—what the Czech writer Milan Kundera called "the kidnapped West"—the will to "return to Europe" went hand in hand with the struggle for national and individual freedom. The growing prosperity of Western Europe had a magnetic effect on those who saw it, whether at first hand or on Western television.

It is the most elementary historical fallacy to suggest that an event was caused by one that occurred after it, yet something that was only to happen in 1992 was a contributing cause of the velvet revolutions of 1989. The target year 1992, the widely trumpeted deadline that the European Economic Community had given itself for completing its single market, conveyed an urgent sense of being left ever-further behind, not just to the peoples of Eastern Europe but also to reform-minded Soviet-bloc leaders, including Mikhail Gorbachev.

This brings us to the last great motor of European integration until the 1990s: West Germany. The West Germans, both the elites and a large part of the populace, demonstrated an exceptional commitment to European integration. They did this for two very good reasons: because they wanted to, and because they had to. They wanted to show that Germany had learned from its terrible pre-1945 history and wished to rehabilitate itself fully in a European community of values, even to the point of surrendering much of its own sovereignty and national identity. Having been the worst Europeans, the Germans would now be the best. (As a joke at the time went, if someone introduced himself just as "a European," you knew immediately that he was German.) But they also had a hard national interest in demonstrating that European commitment, for only by regaining the trust of their neighbors and international partners (including the United States and the Soviet Union) could they achieve their long-term goal of German reunification. As Hans-Dietrich Genscher, the former West German foreign minister, once observed, "The more European our foreign policy is, the more national it is." West German Europeanism was not simply instrumental—it reflected a real moral and emotional engagement—but nor was it purely idealistic.

After the two German states were reunited in 1990, many observers wondered whether what was essentially an expanded West Germany would continue this extraordinary commitment to European integration. Well before the crisis of the eurozone broke, the answer was already apparent. Reunited Germany had become what some participants in the post-Wall debate called a "normal" nation-state—a "second France," in the commentator Dominique Moïsi's striking phrase. Like France, the new Germany would pursue its national interests through Europe whenever possible, but on its own when it deemed it necessary—as it did, for example, when securing its energy needs bilaterally with Russia, notably in the Nord

Stream gas pipeline deal of 2005. Its leaders, in Berlin now, not Bonn, would still try to be good Europeans, but they would no longer open the checkbook so readily if Europe called.

THE BIRTH OF A MALFORMED UNION

The immediate origins of the malformed currency union that is at the epicenter of today's European crisis also lie in the tempestuous moment of German reunification and its aftermath. Following the fall of the Berlin Wall on November 9, 1989, Mitterrand, alarmed by the prospect of German reunification, pushed hard to pin Kohl down to a timetable for what was then called economic and monetary union. That proposal had already been elaborated to help the European Economic Community complete its single market and address the difficulty of managing exchange rates within it. Mitterrand's general purpose was to bind a united Germany, if united those two Germanies really must be, into a more united Europe; his specific purpose was to enable France to regain more control over its own currency, and even win some leverage over Germany's.

In a remarkable conversation with Genscher, the West German foreign minister, on November 30, 1989, Mitterrand went so far as to say that if Germany did not commit itself to the European monetary union, "We will return to the world of 1913." Meanwhile, Mitterrand was stirring up British Prime Minister Margaret Thatcher to sound the alarm as if it were 1938. According to a British record of their private meeting at the crucial Strasbourg summit of European leaders in December 1989, Mitterrand said that "he was fearful that he and the Prime Minister would find themselves in the situation of their predecessors in the 1930s who had failed to react in the face of constant pressing forward by the Germans."

David Marsh, the best chronicler of the euro's history, concludes that the "essential deal" to proceed with monetary union was done at Strasbourg. Tough negotiations followed, and exactly two years later a treaty was agreed on in the small Dutch city of Maastricht, setting the basic terms of what would become today's eurozone. It is too simplistic to characterize this as a straight tradeoff: "the whole of Deutschland for Kohl, half the deutsche mark for Mitterrand," as one wit quipped at the time. But Germany's need for its closest European allies—above all, France—to support its national reunification had a decisive influence on both the timetable and the design of Europe's monetary union.

To be sure, Kohl was a deeply committed European. He never tired of repeating that German and European unification were "two sides of the same coin." So now, he told U.S. Secretary of State James Baker three days after the Strasbourg summit, he had even agreed to a European monetary union. What stronger proof could he offer of Germany's European credentials? Kohl "took this decision against German interests," the German minutes of that meeting record him telling Baker. "For example, the president of the Bundesbank was against the present development. But the step was politically important, since Germany needed friends." As one does, when one is trying to unite Germany without blood and iron.

The design of the resulting monetary union can also be understood, like so much else in the history of European integration, as a Franco-German compromise. At the insistence of Germany, and especially of the Bundesbank, the European Central Bank would be a Bundesbank writ large, fiercely independent of governments (unlike in the French tradition) and devoted with Protestant fervor to the one true god of price stability (lest the Weimar nightmare of hyperinflation return). To his credit, Kohl wanted the monetary union to be complemented by a fiscal and political union, so there could be control of public spending and coordination of economic policy among the states, and more direct political legitimation of the whole enterprise. "Political union is the essential counterpart to economic and monetary union," he told the Bundestag in November 1991. "Recent history, not only in Germany, teaches us that it is absurd to expect in the long run that you can maintain economic and monetary union without political union."

But France was having none of that. The point was for it to gain some control over Germany's currency, not for Germany to gain control over France's budget. So the discussion of a fiscal union withered away into a set of "convergence criteria," which required would-be members of the monetary union to keep public debt under 60 percent of GDP and deficits under three percent.

Thus, in the Sturm und Drang of the largest geopolitical change in Europe since 1945, a sickly child was conceived. Most Germans opposed giving up their treasured deutsche mark. But they would not be asked; the West German constitution did not envisage referendums. Kohl had no intention of changing that. Alexandre Lamfalussy, the head of the European Monetary Institute, the precursor to the European Central Bank, later recalled telling him, "I don't know how you will get the German people to give up the D-Mark." Kohl's reply: "It will happen. The Germans accept strong leadership."

In France, meanwhile, the Maastricht Treaty scraped through in a September 1992 referendum with a yes vote of just over 50 percent. The passive consensus for further steps of European integration, advancing ever closer to the heart of national sovereignty, was beginning to break down even in heartlands of the postwar project.

A CRISIS FORETOLD

With a hat tip to Gabriel García Márquez, a history of Europe's monetary union could be called *Chronicle of a Crisis Foretold*. By the time the eurozone's 11 founding member states were preparing to introduce a common currency on January 1, 1999, most of the problems that would beset the euro a decade later had been predicted.

Critics at the time questioned how a common currency could work without a common treasury, how a one-size-fits-all interest rate could be right for such a diverse group of economies, and how the eurozone could cope with economic shocks that varied from region to region—what economists call "asymmetric shocks." For

Europe had neither the labor mobility nor the level of fiscal transfers between states that characterized the United States.

"Since 1989, we have seen how reluctant West German taxpayers have been to pay even for their own compatriots in the east," noted one article in these pages in 1998. "Do we really expect that they would be willing to pay for the French unemployed as well?" Reporting a widespread view that the monetary union would face a crisis sooner rather than later, and that this would catalyze the necessary political unification, the author cautioned, "It is a truly dialectical leap of faith to suggest that a crisis that exacerbates differences between European countries is the best way to unite them."

Since I was that author, I should add that I did not anticipate three important things. First, I did not expect that the monetary union would flourish for so long. For nearly a decade, the euro appeared to be strong, edging up toward the dollar as a global trading and reserve currency. For businesses, it removed the risk of exchange-rate fluctuations inside the eurozone. For the rest of us, it was a delight to be able to travel from one end of the continent to the other without having to change currencies. To visit Dublin, Madrid, or Athens was to see cities booming as never before. Small wonder that in 2003 those young Poles sang Schiller's "Ode to Joy" at the prospect of joining the happy Irish, Spaniards, and Greeks. And I, like others sympathetic to the project, was lulled into a false sense of security.

Because the crash came later than originally expected, it was worse when it came. Over time, enormous imbalances had built up between the core, mainly northern European countries (above all, Germany), and the peripheral, mainly southern European countries (especially Portugal, Ireland, Italy, Greece, and Spain, which have sometimes been unkindly labeled "the PIGSs").

To be sure, the initial shocks that started the earthquake came from outside Europe, in the U.S. subprime mortgage market. In this sense, the travails of the eurozone are part of a broader crisis of Western financial capitalism.

Yet the second thing we did not fully anticipate in the 1990s was the extent to which the eurozone would generate its own asymmetric shocks. Whereas Germany, still staggering under the financial burden of German reunification, impressively massaged down its labor costs, trimmed its welfare spending, and became competitive again, many of the peripheral countries allowed their unit labor costs to soar.

While Germany and some other northern European countries maintained fiscal discipline and moderate levels of debt, many of the peripheral countries went on the mother of all binges. In some places, such as Greece, it was public spending that skyrocketed; in others, such as Ireland and Spain, it was private spending. The open sesame to both kinds of excess was the same: governments, companies, and individuals could borrow at unprecedentedly low interest rates thanks to the credibility that eurozone membership lent their countries. In effect, Greece, which had snuck into the eurozone in 2001 with the aid of falsified statistics, could borrow almost as if it were Germany.

When, therefore, Germany was asked to help bail out those countries, German voters were understandably indignant. Why should we work even harder and retire even later, they asked, so these feckless Greeks, Portuguese, and Italians can retire earlier than we do and go sun themselves on the beach? "Sell your islands, you bankrupt Greeks," snorted *Bild*, Germany's largest tabloid, in October 2010.

The Germans had a good point: they had demonstrated remarkable prudence; the peripheral countries had not. But there was another side to the story. The moment the Stability and Growth Pact (the formalized successor to the convergence criteria) was revealed to be toothless was when Germany itself, along with France, violated the deficit limit of three percent of GDP in 2003–4. The penalties envisaged in the pact were not even enforced.

Moreover, Germany had fared so well partly because the peripheral countries had fared so badly. The peripheral eurozone countries could no longer compete with Germany on price by devaluing their own national currencies, and part of their binge spending went to buying more BMWs and Bosch washing machines. The euro also enabled German exporters to price their goods more competitively in markets such as China. (One study, by Nathan Sheets and Robert Sockin of Citigroup, estimated that Germany's lower real exchange rate, courtesy of the euro, has lifted its real trade surplus by about three percent of GDP annually.) As the economist Martin Feldstein noted in these pages, in 2011 Germany's $200 billion trade surplus roughly equaled the rest of the eurozone's combined trade deficit. Germany was to Europe what China is to the world: the exporter that requires others to consume.

In addition, Germany and other northern European countries with current account surpluses recycled those surpluses partly by lending to Greeks, Irish, Portuguese, and Spaniards. So when Germany bailed out the peripheral eurozone countries, it was also bailing out its own banks.

The third element few foresaw in the 1990s was the spiraling scale, speed, and folly of global financial markets. Most egregious, bond markets contributed to the burgeoning imbalances by mispricing sovereign risk in general and the differential risk between various eurozone government bonds in particular. Despite the presence of a "no bailout" clause in the Maastricht Treaty, bond traders acted as if the risk associated with lending to the Greek or Portuguese governments was only fractionally higher than that of lending to Germany or the Netherlands.

When belief in the solidity of the eurozone began to collapse, soon after its tenth birthday, the markets plunged to the other extreme. Again and again, they punished eurozone leaders' belated half measures with soaring bond yield spreads, so that country after country found its borrowing costs whizzing upward. At interest rates of five to eight percent, it becomes very difficult for a government to sustain its debt burden, even with the most exemplary German-style fiscal discipline and structural reform. There was only so much that even the wisest and most economically responsible leaders, such as Italian Prime Minister Mario Monti, could ask of their own people.

EUROPE'S DYSFUNCTIONAL TRIANGLE

Structurally, Europe now finds itself caught in a dysfunctional triangle, between national politics, European policies, and global markets. Ever since the European Coal and Steel Community was founded, in 1951, integration has proceeded through the development of common European policies: from those on agriculture, fisheries, and trade, all the way to monetary policy. The democratic politics of the EU have, however, remained stubbornly national.

While the volcanic magma was heating up under the outwardly calm crust of the eurozone, European leaders spent much of this century's first decade engaged in an ambitious attempt to write what some called a constitution for Europe. To cope with both the deepening of the EU, through monetary union, and its widening, through the historic enlargement to eastern Europe, they proposed a new set of institutional arrangements for the EU's 27 states (since 2007) and 500 million people. But in referendums, voters in France and the Netherlands rejected even a watered-down version of these lofty plans. "The nations don't want it," commented Geremek, that passionate but also realistic European, shortly before he died in 2008.

So the mountain labored again, and brought forth a mouse. The Treaty of Lisbon, which came into force in 2009, did give more powers to the directly elected European Parliament. But decision-making in today's EU still consists mainly of national politicians cutting deals behind closed doors in Brussels. And the politics and media they worry about are national, not European. There are Europe-wide political groupings, based on those in the European Parliament, but there are no truly European politics. The average turnout for elections to the European Parliament has declined with every vote since direct elections began in 1979. Although there are some good Europe-wide media outlets, watched and read by a happy few, there is no broader European public sphere.

The French historian Ernest Renan said that a nation is "an everyday plebiscite." Well, today's EU has an election almost every day, but these are national elections, conducted in different languages and in national media. Increasingly, the election campaigns feature parties that blame the country's current travails on other European nations, or on the EU itself, or on both. Visiting Maastricht earlier this year—a city now a little worried about its place in the history books—I was told how the anti-immigrant and anti-Islamic Dutch populist Geert Wilders has redirected his political fire against "Europe." That's where he thinks the votes are now.

At the same time, panicky global markets instantly impinge on both European policies and national politics. As country after country finds its credit rating cut and its borrowing costs going through the roof, governments tremble and call yet another emergency summit in Brussels. As the clock ticks into the early hours, exhausted national leaders are torn between their terror of what the markets will do to them when trading opens the next morning and their terror of what their national media, coalition partners, parliaments, and voters will do to them when they get back home.

As soon as the meeting ends, each leader will dash out from the conference room to brief his or her own national media, so that every time, there is not just one version of a European summit but 27 different ones—plus a 28th, the implausibly irenic conclave described by the EU's own clutch of institutional heads. This is Europe's political *Rashomon*, with 28 conflicting versions of the same event delivered in 23 languages. It is an odd way to run a continent

THE MISSING INGREDIENTS

Europe's monetary union was a bridge too far—meaning not a bridge that should never have been crossed but a bridge that was crossed too soon, before Europe was strategically prepared to defend it. To be sure, carrying on for another decade or two with a system of fixing the margins within which exchange rates could fluctuate—the so-called Exchange Rate Mechanism—would have been demanding. But it is hard to disagree with this retrospective judgment by the economic commentator Martin Wolf: "Consider how much better off Europe would have been if the exchange rate mechanism had continued, instead, with wide bands."

We also have to consider other roads not taken. What if, instead of introducing the euro, Europe had deepened its still-far-from-complete single market? What if the whole EU had concentrated on improving its competitiveness, as Germany did so impressively, and not merely paid lip service to that goal in a catalog of good intentions called "the Lisbon agenda"? What if it had used this time to develop a more effective foreign policy? But regret is futile. An old and now politically incorrect English joke has an American couple arriving at a crossroads, deep in the Irish countryside, and asking a tweed-clad farmer the way to Tipperary. "If I were you," says the Irishman, "I wouldn't start from here." Yet here is where we are.

At the end of June this year, the EU held yet another "save the euro" summit—by a rough count, the 19th of the crisis. Germany said it would allow special European funds to be used to help imperiled Spanish banks, and the eurozone states resolved to create a single banking supervisory structure run by the European Central Bank. Although nobody noticed, the summit communiqué was a reminder of useful things the EU continues to do. For example, European leaders reached agreement on a unitary European patent system, which is expected to lower patenting costs for European companies by as much as 80 percent. They also decided to open accession negotiations with Montenegro, a newly independent state that just 13 years ago was still embroiled in the wars of former Yugoslavia.

As of this writing, no one knows how the euro saga will end. The possibilities include a total, disorderly collapse of the eurozone, a continued muddling through, and, most optimistically, systemic consolidation into a genuine fiscal and political union. Yet even if the eurozone crab-marches toward a political union, it will still have to generate the solidarity among its citizens necessary to underpin it, a degree of European compatriotism that does not yet exist. Another open question is how a more united eurozone core, which would itself contain creditor and debtor nations with very different perspectives, would relate institutionally and politically to EU member states not in the zone, such as the United Kingdom, Sweden, and Poland.

According to one projection by analysts at ING, a total collapse of the eurozone could cause GDP to fall by more than ten percent over two years in all the leading European economies, including Germany. Coming on top of the hardships already endured, that could lead to dangerous political radicalization. (Unlike in the 1930s, such radicalization, to the far right and the far left, has been remarkably limited so far, even in Greece—a tribute to the resilience of contemporary European democracies.) But even if the eurozone falls apart, there will still be a place called Europe and probably a set of institutions called the European Union. And there will be a new yet also familiar historic challenge for Europeans: to pick themselves up from the ruins and rebuild.

Today's crisis is the greatest test yet of what has been called "the Monnet method" of unification, after Jean Monnet, a founding father of European integration. Monnet proposed moving forward, step by step, with technocratic measures of economic integration, hoping that these would catalyze political unification—not least through moments of crisis. "Crises are the great unifier!" he once explained. Yet even in the first 40 years of European integration, crises sometimes pulled Europe together and sometimes did not. If they tended more often to promote unity than division, that was in large part thanks to wartime memories and Cold War imperatives. So where are the drivers of integration now? Go back down the list.

A single market of 500 million consumers remains a powerful economic attraction for most European countries. However, it no longer seems as evident as it once did that Europe brings steadily growing prosperity and welfare to all its citizens. Exporting nations, especially Germany, and global service providers, such as the United Kingdom, are increasingly looking to emerging markets, where the growth is.

Unlike during the Cold War, there is no obvious external threat in Europe's front yard. Try as he might, Vladimir Putin just does not match up to Stalin, or even Brezhnev. Could China step into that role? Without stigmatizing China as an enemy, the most compelling new rationale for European unification is indeed the rise of non-Western great powers: China, mainly, but also India, Brazil, and South Africa.

One cannot simply extrapolate from current economic and demographic trends, but in any likely world of 2030, even Germany will be a small to medium-sized power. Then, the only effective way to defend the freedoms and advance the shared interests of all Europeans will be to act together and speak with one voice. Intellectually, this argument is persuasive. But emotionally, to sway a wider public, it does not compare with the visible presence of the Red Army at the heart of Europe.

If Russia no longer fits the bill for an external threat, the United States no longer plays the part of active external supporter. Already in 2001, President George W. Bush could ask, in a private meeting, "Do we want the European Union to succeed?" Part of his administration, at least in his first term, was inclined to answer no. President Barack Obama would definitely answer yes, but until the eurozone crisis threatened the U.S. economy, and hence his reelection prospects, it was hardly a priority. His administration has taken Europe as it has found it and dealt pragmatically with Brussels or with individual countries—whatever worked. Its geopolitical focus has been on China and Asia more generally, not Russia and Europe.

Conceivably, the United States' attitude could change if China really came to be seen as the new Soviet Union, a global geopolitical threat to the West. Then one option would be for Washington to seek a closer strategic partnership with a more united Europe, including, for example, a transatlantic free-trade area. Old Europe and its cousins across the water would work toward what Édouard Balladur, the former French prime minister, has imagined as a "Western Union." But there is scant evidence of such thinking at the moment. Rather, both the United States and Europe are making their own tense accommodations with China.

Another past driver of integration, eastern European yearnings, still has some traction today. Eastern Europeans have more recent memories than other Europeans do of dictatorship, hardship, and war. Many appreciate the new freedoms they enjoy in the EU; for some, belonging to the same club as western Europeans is the realization of a centuries-old dream. One Polish economist explains why Poland still aspires to join the eurozone thus: "We want to be on board the ship, even if it is sinking!" Of course, they would rather the ship stays afloat. Last fall, in a speech in Berlin, Radoslaw Sikorski, the Polish foreign minister, memorably observed, "I will probably be the first Polish foreign minister in history to say so, but here it is: I fear German power less than I am beginning to fear German inactivity."

EUROPEAN GERMANY, GERMAN EUROPE

Germany is the key to Europe's future, as it has been, one way or another, for at least a century. The irony of unintended consequences is especially acute here. If Kohl was the first chancellor of a united Germany since Hitler, François Hollande is the first Socialist president of France since Mitterrand, and it is Mitterrand's legacy he has to wrestle with. Monetary union, the method through which Mitterrand intended to keep united Germany in its proper place—co-driver with France, but still deferential to it—has ended up putting Germany at the wheel, with France as an irate husband flapping around in the passenger seat ("Turn left, Angela, turn left!").

At the time of German reunification, German politicians never tired of characterizing their goal in the finely turned words of the writer Thomas Mann: "Not a German Europe but a European Germany." What we see today, however, is a European Germany in a German Europe. This Germany is an exemplary European country: civilized, democratic, humane, law-abiding, and (although Mann might not have rated this one) very good at soccer. But the

"Berlin Republic" is also at the center of a German Europe. At least when it comes to political economy, Germany calls the shots. (The same is not true in foreign and defense policy, where France and the United Kingdom are more important.) This is not a role Germany sought; leadership has been thrust upon it.

Moreover, if the need to win support for German reunification drove Kohl to accept European monetary union on a tight timetable, and without the political union he thought essential to sustain it, German reunification has changed the German attitude to the European project. The very same set of closely linked historical developments that has now produced, 20 years on, the need for a special German contribution to Europe has in the meantime reduced both the country's idealistic desire and its instrumental need to offer that contribution.

Were he still chancellor, Kohl would surely insist that the euro must be saved by moving decisively toward a political union. Merkel and her compatriots have reacted very differently, reluctantly doing the minimum needed to prevent collapse. The modest and plain-speaking Merkel is in many ways the personification of the civic, modern European virtues of this new Germany. She is also a brilliant and ruthless domestic political tactician. Whatever her personal convictions, she knows she faces what may be called the four Bs: the Bundestag (the lower house of the national parliament, from which Germany's most pro-European politicians have largely migrated to the European Parliament, another unintended consequence of that well-intended institution), the Bundesverfassungsgericht (the country's constitutional court, deliberately established after 1945 to be a U.S.-style check on a leader's power), the Bundesbank (still very influential in the German debate), and, last but by no means least, the populist tabloid *Bild*.

Many Germans resent the idea of bailing out Greeks and Spaniards and recall that they were given no say on Kohl's decision to give up the deutsche mark. In a German opinion poll conducted in May 2012, no less than 49 percent of respondents said it had been a mistake to introduce the euro. So far, the benefits they have derived from the euro have not been adequately explained. Yet this European Germany is a free country, open to argument, and some are now making the attempt.

MEMORY, FEAR, AND HOPE

The greatest single driving force of the European project since 1945, personal memories of war, has disappeared. Where individual memory fades, collective memory should step in. Remember Edelman's appeal: "We, who did not perish, leave it up to you to keep the memory of them alive—forever." Yet most young Europeans' consciousness of their continent's tortured history is shallow. Their formative experiences have been in a Europe of peace, freedom, and prosperity. Even younger eastern Europeans from states such as Estonia, which did not exist on most maps just 22 years ago, have come to take these hard-won achievements for granted. In this sense, the deepest problem of the European project is the problem of success.

Over the last decade, European peoples with historical complexes about being consigned to the periphery of Europe felt themselves to be at last entering the core. Eastern Europeans joined the EU. Southern Europeans thought they were flourishing in the eurozone. In Athens, Lisbon, and Madrid, there was a sense of a leveling up of European societies, of a new, not merely formal equality among nations.

Now that illusion has been shattered. In Greece, the homeless line up at soup kitchens, pensioners commit suicide, the sick cannot get prescription medicines, shops are shuttered, and scavengers pick through dustbins—conditions almost reminiscent of the 1940s. In Spain, every second person under the age of 25 is unemployed; across the eurozone, the average is nearly one in four. But the pain is unevenly spread. In Germany, youth unemployment is comfortably under ten percent. There is a new dividing line across Europe, not between east and west but between north and south. Now, and probably for years to come, it will be a very different experience to be a young German or a young Spaniard, a young Pole or a young Greek.

Think back to those two May 10 moments in Warsaw. Someone whose formative teenage experience was of the terrors of 1943 would find today's crisis shocking, but still not half as bad as what he remembered—and he would insist that Europe must never fall back to that. The teenager of 2003 has a different mental lens: this is terrible, she thinks, and not what she was led to expect.

Europeans such as Geremek and Kohl witnessed Europe tear itself apart, and then dedicated themselves to building a better one. The generation of Spain's *indignados*, young protesters who have rallied across the country since May 2011, grew up in that better Europe, and have now been thrown backward. The trajectory of those who were, say, 15 years old in 1945 went from war to peace, poverty to prosperity, fear to hope. The trajectory of those who were 15 in 2003, especially in the parts of the continent now suffering the most, has arched in the opposite direction: from prosperity to unemployment, convergence of national experiences to divergence, hope to fear.

Could this very discontent provide the psychological basis for a popular campaign to save Europe? The signs are not promising. Popular movements have arisen during the crisis, but they have pointed in other directions. One of the largest was against the Anti-Counterfeiting Trade Agreement, which many young Europeans saw as a threat to their online freedom. The *indignados* of all countries, Europe's counterparts to the Occupy Wall Street movement, rail against bankers, politicians, and baby boomers, whom they see as having stolen their future. An interview-based survey of activists in these diverse campaigns, coordinated by Mary Kaldor and Sabine Selchow of the London School of Economics, found that the EU is either invisible among them or viewed somewhat negatively.

Fear should not be underestimated as a motivating force in politics. When, in a repeat election this June, the Greeks narrowly voted for parties that were serious about keeping the country in the eurozone, the Swiss cartoonist Patrick Chappatte drew a weary-looking man standing next to a ballot box in the shadow of the

Acropolis and exclaiming, "Good news! Fear triumphed over despair." Adapting a famous phrase of U.S. President Franklin Roosevelt, one might almost say that today Europe has nothing to put its hope in but fear itself.

The fear of collapse, the Monnet-like logic of necessity, the power of inertia: these may just keep the show on the road, but they will not create a dynamic, outward-looking European Union that enjoys the active support of its citizens. Without some new driving forces, without a positive mobilization among its elites and peoples, the EU, while probably surviving as an origami palace of treaties and institutions, will gradually decline in efficacy and real significance, like the Holy Roman Empire of yore. Future historians may then identify some time around 2005 as the apogee of the most far-reaching, constructive, and peaceful attempt to unite the continent that history has ever seen.