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# Nobel Prize for a Noble Cause - Under Threat

By Douglas Webber

**A good friend of mine, formerly a high-level civil servant in the European Commission's delegation in Washington, typically begins lectures on the EU by recounting how he was once asked by the person sitting next to him in a domestic flight in the US where he worked. When he replied, 'I work for the EU', his neighbour asked him: 'The EU - is that an insurance company?'**

I thought immediately of this anecdote when I heard last Friday that the EU had been awarded this year's Nobel Peace Prize. Nobody can be certain that, if the EU had not been created, Europe would have witnessed at some stage in the last 60 years a repeat of the devastating wars to which it was host – and which drew in many other parts of the world – in the first half of the twentieth century. For sure, the NATO and the American military presence not only helped to secure Western Europe against possible Soviet Communist military aggression, but also to ensure the peace between the West European powers. For sure, the stabilization and expansion of democracy and high levels of material prosperity also played their part. But, at the very least, the EU provided additional insurance against the recurrence of war between its – ever more numerous – member states. In this sense, unwittingly, my friend's American neighbour provided an accurate characterization of the EU's principal historical function – and purpose. Just like a conventional insurance policy, it comes with a cost – but when you think about it carefully, would you really want to do without it?

To recall the 'insurance' function of the EU today is not untimely. For at no time in the last forty years has the European integration process looked as fragile and vulnerable as since the Euro zone crisis broke out in 2010. For the first time since the mid-1960s there is a serious prospect that this process will unwind and that at least one member – no less than the UK, along with France and Germany one of the 'big three' – will end up leaving the EU

altogether. The rise across large parts of Europe of national-populist parties and in some countries of overtly extreme right-wing and racist ones reminds us that the 'old demons' that wrought so much havoc in Europe and further afield before the EU was born have not been entirely put to rest after all.

Even if, as a peace-maker, the EU had done such a good job as to make itself historically redundant, it might still have other useful functions to perform.

Without it, how certain is it that the Single Market, so laboriously constructed since the late 1980s, would resist the forces of national protectionism that an on-going economic crisis may unleash? And, without the Single Market, how good would be the prospects of European-based firms of standing up to the competition of their American, Chinese, and Indian counterparts, all of whom have the advantage of domestic markets of continental dimensions that in future will increasingly dwarf those of any single EU member state? Is a 'competitive' European economy imaginable without the EU?

As significantly as the EU has contributed to fostering peace and free economic exchange between the member states, however, it has become steadily less popular among its citizens. As the former Commission president, Jacques Delors, used to say, 'no-one can fall in love with a Single Market'. Still less likely is that citizens will develop fond feelings towards an organization whose principal role in the current crisis is that of a relentless enforcer of financial austerity. The terms of the Rome and Maastricht treaties give sound money (and market liberalization) quasi-constitutional status and priority in the EU. But, as the Euro zone moves towards a more centralized fiscal policy, as it must if the EU wishes to save the Euro, it will have to increase the volume of financial transfers from 'creditor' to 'debtor' member states. Or run a growing risk that this noble experiment will collapse amidst intensifying distributional conflicts within and between the member states. Whether such a 'new deal' will prove politically feasible is the proverbial \$64,000 question that now hangs over the EU's future.

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