



## The Return of Realpolitik and the Rise of Populism



By Jonathan Story , INSEAD Emeritus Professor of International Political Economy

### **The imminent departure of Chancellor Merkel concludes a dystopian era for the European Union.**

The imminent departure of Chancellor Merkel marks the end of a long reign that started in 2005, in what was on the face of it a different Europe.

European economies were doing well and, despite votes in the Netherlands and France against an explicitly supranational constitution for the bloc, the old pragmatic diplomacy of post-war Europe was still in play.

Its motto was: use the future as a location for unresolved problems. Since there has always been a near infinite number of problems, this method kept the whole process trim in pleasant expectation of further meetings in one of Europe's beautiful watering holes.

Then came the crash of 2008, followed by the European policy crunch of May 2010. President Sarkozy suggested that the Chancellor put money on the table, and then Europe's leaders could discuss how the funds might be best deployed. Merkel said *Nein*, thereby ripping aside the veil that had disguised German primacy in Europe since the country's reunification in 1990.

The message was simple: future policy in Europe must evolve along German preferences. That meant open borders within the EU, tight fiscal policies in the eurozone, no large redistributive budget for Brussels and no collective underwriting of EU debt. Otherwise, popular opinion in Germany would turn against European integration.

### **The return of realpolitik**

This is just one example of the incompatibility of national domestic structures, policies and interests that have been rashly aggregated within the EU's supposed competencies. As European Commission President Jean-Claude Juncker has been reported as saying, we have enough problems on our hands already.

My answer is: "Jean-Claude, what did you expect?"

The EU is caught between a rock and a hard place. The rock is the foundation of Europe, its peoples and states, and the hard place is the euro. The euro is a one-size-fits-all design, as is the doctrine of open borders. The foundation of Europe is its diversity, a diversity not just of economic specialisms but also – and chiefly – of historical memories.

It was and is not the intent of the alliance of interests pushing for "more Europe" to revive the relatively quiescent practice of realpolitik, long embedded in the European diplomatic and political tradition. But that is what has happened.

The higher the stakes, the more member states have sought to impose their own preferences. Because some states are more powerful than others, they have tended to get their way.

Since 2010 at the latest, this has arguably been the case of Germany.

### **The rise of populism**

As realpolitik has reasserted itself in Europe, so has a proud, nose-thumbing populism. The two feed on each other.

Take the eight-year Euroland recession, from which part of the zone is emerging. The EU's Economic and Financial Affairs Commissioner Pierre Moscovici takes up the cudgels on behalf of France's 25-year quest for an EU finance minister, with a large redistributive budget.

"Having a eurozone budget is absolutely decisive if we want to address the populist challenge", he says. There are some excellent arguments in support of this contention. The problem is that there is scant support for the idea among the German public, and none at all in the frugal four of Austria, the Netherlands, Denmark and Sweden.

Or witness the response of member states to requests from Berlin and Brussels to accept quotas of immigrants from the Middle East.

Here is Vaclav Klaus, the former Czech president, on the subject: "We reject the EU's plan to use foreigners to displace Czechs, and we refuse to allow our country to be transformed into a multicultural society with maladjusted communities, which is what we see today in France and the UK."

And finally, Brexit. Here are the **words** of Jeannie Mardon from Norfolk, in a June 2016 letter to *The Daily Telegraph*: "It strikes me that many people are amazingly casual about the foundations of our freedom. I do not view an elected Parliament, a unifying Crown and an independent judiciary as mere abstractions. My grandfather fought in the First World War, my father in the Coldstream Guards. His only brother died in a Japanese camp, and my husband was killed while on active service in the RAF...For my part, allowing an unelected jurisdiction to impose laws on us or to supersede our legislature is a violation of our sovereignty."

### **A solution for the EU: Less for more**

In conclusion, Brussels and its backers have steered the European canoe into fast waters, and thrown away the paddles on the assumption that the gathering speed of the river is sending them in the right direction. Now they can hear the mighty sound of Niagara, and are panicking.

The analogy has to be suspended here. What the denizens of "l'Europe" have done is create the present impasse. They have done so because they fail to understand what Europe is.

What is required is not “more Europe”, but less integration as a prerequisite to a more united Europe. Less for more. Europe is not amenable to being straitjacketed into a one-size-fits-all system. It definitely requires a common political regime, but that regime must be able to absorb the diversity of Europe as it is.

There are multiple ways in which European states and peoples can be associated. They can be associated through markets, meaning membership in the single market, or associated with it through the European Free Trade Area, or via membership in the WTO. Alternatively, they can be associated through the formation of an alliance of constitutional states, where the common denominator is the principles they adhere to in their separate domestic affairs.

However, the more likely outcome, given what we know about the power players involved, is more of the same – more realpolitik as the major states battle it out over who gets what in the precincts of Brussels, and more populism as the peoples rebel against the results. We can reasonably anticipate troubled times ahead for Europe.

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