

## The Crisis of European Politics

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Remarks delivered at the Heritage Foundation event, *The Future of the EU: Understanding the Roots of Political Fragmentation in Europe*, January 12<sup>th</sup> 2017.

It may seem odd that at a panel sponsored by America's leading conservative think tank, the Heritage Foundation, I am going to take as my text in discussing the crisis of European politics, F.A. Hayek's essay, "Why I am not a Conservative." Yet I think many of the insights the great Nobel laureate delivered in 1960 when he penned his piece are vital to understanding what is happening in Europe today.

It is my contention that much of what is called European populism is actually a phenomenon of resurgent nationalist conservatism thanks to separate crises in the continent's two other dominant ideologies – socialism and liberalism. Yet that is not something American conservatives should necessarily cheer, and, indeed, European conservatism is itself going through a crisis of its own, one that may have lessons for American conservatives.

Before I explain further, I should first of all state that European conservatism is, and always has been, different from Anglo-American conservatism. For the Anglo-American conservative, our heritage is liberty. Anglo-American conservatives defend economic freedom, political freedom, and civil liberties. It was two great conservatives – William Wilberforce and Abraham Lincoln – who ended the slave trade and freed slaves in America. The American Revolution was a conservative revolution, aimed at protecting ancient rights from arbitrary power. Conservatives today look back at our heritage and says that those old freedoms must be protected. This is why I believe that Brexit was a conservative revolution in itself.

No such tradition of liberty exists in European conservatism. We should not forget that it is within living memory that most of Europe was dominated by dictators of one sort or another. Member states of the European Union itself were ruled by dictators in the 1970s, and by communist politburos in the 1980s. This has profound implications for what we are seeing now, and I will come back to that later.

But since the fall of the Berlin Wall and the rapid expansion of the European Union, we have seen Europe dominated by two ideologies – socialism and liberalism (or perhaps, neoliberalism). Both these

ideologies are suffering existential crises right now, and it is those crises that underlie the current crack-up in European politics.

Let us take socialism, the first to collapse. A mere decade ago, it looked like third way socialism of the sort pioneered by Tony Blair in the UK was destined to dominate Europe. This socialism was comfortable with markets, as long as they were heavily regulated, and promised a comfortable welfare state of entitlements and healthcare to all. That brand of socialism is now in retreat all over the world, its internal inconsistencies laid bare.

Friendliness to markets became cronyism. Regulation became frustrating barriers to opportunity. Welfare states became defined by the European equivalent of welfare queens, or – worse – terrorist sympathizers. Single payer healthcare lurched from one crisis to another, resulting in long waits for urgent treatment.

The result was socialism in retreat. France – France! – has no viable socialist candidate for President when the incumbent is a socialist. The Greek and Italian socialist parties have disappeared. The Spanish socialist party is in eclipse. What is replacing them, and what has even taken hold of Tony Blair's British Labour party, is Marxist dogmatism fueled by popular slogans reminiscent of socialist movements in the 1930s, which ignores the collapse of central planning in the 1980s as if it never happened. Most European populations remember, however, and the parties are kept out of power. In many places, like Britain, they are consumed with internal feuding reminiscent of the People's Front of Judea and the Judean People's Front. When they do gain power, like Syriza in Greece, they find they cannot keep their promises.

Indeed, the only major government in Europe that could currently be described as Blair-style socialist is headed by a nominal conservative – Angela Merkel's coalition government in Germany – and we will see how long that lasts when that dominant politician leaves the stage.

What of liberalism? We often forget that it was liberalism that built the modern Europe of nation states. Liberalism was aligned with nationalism for most of the 19<sup>th</sup> and early 20<sup>th</sup> centuries. It fought for the unification of countries like Germany and Italy and for the freedom of peoples like the Czechs and Serbs to determine their own futures free from imperial control.

Yet after liberalism found that it lost its voter base to more aggressive socialists, it reinvented itself after the War as an internationalist movement, and threw everything it had into building the post-nationalist European Union. Liberals across the continent became the champions of the European project. Yet what

profit a man if he gain the world and lose his soul? In building the European project, liberals forgot the central ideal of liberalism – that people should be free to choose their own destiny and lifestyle. The European Union became the flagship of transnational regulation, beating down individual initiative and entrepreneurialism. It mandated working conditions across the continent as aggressively as it imposed standards for bananas. It destroyed currencies to replace them with the Euro, a one-size-fits-none project that even Paul Krugman acknowledges has led to massive, structural unemployment, particularly in young people, in the poorer countries of the South.

This close association with the European Project has been a disaster for liberal parties. The Liberal Democrats in Britain and the Free Democrats in Germany, in coalition government within the last decade, are down to a handful or representatives or even none in their national parliaments. Only in countries like Estonia, where the parties are more libertarian than liberal, have they retained influence.

The self-destructive self-identification of liberalism with the European project was paradoxically in full display this week with the bizarre and aborted attempt by the ALDE group to associate with the anti-European, Marxist, Italian 5-Star Movement. The proposed alliance seemed to be on the table simply in order to boost the ALDE back to being the third biggest group in the European Parliament, with all the privileges and funding that brings. The ALDE's leader, Guy Verhofstadt, had previously condemned the 5 Star Movement for its anti-Euro stance, yet he saw a chance to increase his influence. When Verhostadt was Prime Minister of Belgium he was known as "BabyThatcher" for his privatization push. His political incompetence this week perhaps should lead to him being known as BabyKinnock.

So with both socialism and liberalism in retreat, who was to fill the gap? The answer was quite clearly conservatism. Yet as I mentioned at the start of this talk, what do we mean by conservatism when we talk about continental Europeans? The old traditions are, frankly, dead. Previous generations of European conservatives would have been pushing for the restoration of monarchies. This is off the table now. What do they stand for?

This is where Hayek's essay is again relevant. He said, rightly, "Conservatism proper is a legitimate, probably necessary, and certainly widespread attitude of opposition to drastic change." What are the drastic changes afoot in Europe at the moment? For the large part they are the products of the European project. Mass immigration from the Middle East and North Africa fueled by the abolition of internal borders is the big one. Couple that with mass unemployment of native populations thanks to

the disaster of the Euro experiment and you have a crisis that will provoke political reaction. So it should be no surprise that the conservative revival in Europe is nationalist.

Yet there is another drastic change afoot that results in an interesting dynamic alien to Anglo-American conservatism. Mass unemployment, a creaking tax base thanks to the suppression of entrepreneurial activity, large numbers of immigrants and other factors all contribute to an entitlements crisis. Yet the reaction of continental conservatives has generally not been to reduce entitlements – it has been to defend them. The nationalist conservatives in Europe have sought to shore up their entitlement programs, mainly by threats to end entitlements to out-groups like immigrants. Many of these governments are avowedly big-government.

Why is this? Again, Hayek has the answer. As he says, two “characteristics of conservatism [are]: its fondness for authority and its lack of understanding of economic forces.” Or, as my friend Janet Bufton of the Canadian Institute for Liberal Studies puts it, “conservatives tend to: be over-skeptical of economic theory and open-ended change, and be under-skeptical of authority and the use of government power.”

The result is big-government, nationalist, muscular conservatism of a kind alien to the Anglo-American tradition. It is resurgent across the continent. The likely next President of France may well be an Anglo-American style conservative, but only because that is preferable to the minority parties to a National Front Presidency of Marine le Pen. Eastern Europe has seen a succession of nationalist conservative governments elected. Nationalist Conservatives are in coalition with Syriza in Greece.

In many cases, these parties are led, as in Hungary, by people who believed in economic liberalization in the 80s and 90s, but who have changed their mind. They believe they have seen proof that these policies failed – again, something that Hayek notes as an identifying characteristic of the European conservative. Yet they fail to appreciate that this is because of the transnational restrictions on economic freedom imposed by the European Union rather than any intrinsic problem with privatization and small government (again, demonstrating Hayek’s contention that European conservatives are over-skeptical of economic theory). This rejection of Reagan-Thatcherism is why I believe that European conservatism is also in crisis. Their infatuation with big government will mean big problems for their economies.

So what does this mean for the future of Europe and its relations with the United States? If the nationalist wave continues, it will mean more Brexits, sooner or later. If Le Pen wins, a Frexit is on the

cards. Italian politics may lead to a Quitaly. There's no funny word for it, but a Dutch exit is certainly on the table. Germany could remain solid at the center of a dwindling group of large economies, and a bunch of smaller nations anxious to remain in the grouping as the alternative to outright economic disaster for the Southern economies or being swallowed once more by a resurgent Russian empire.

Yet there is no guarantee that the nationalist wave will continue, at least in its conservative form. It is plausible that their big government flirtation will lead to economic incompetence and their rejection in favor of one of the other ideologies once more, or perhaps even a darker one, like fascism or outright communism. Europe has gone down a dark tunnel, and there may not be light in sight for a while.

So what does this mean for the US? I would suggest that it needs to show the way back to small government success for nation states. One of the best ways to do this would be to negotiate quickly a free trade agreement with Brexit Britain, based on the principle of low regulation and mutual recognition of standards, instead of the Obama/EU model of regulatory harmonization. Adding in other free economies would provide a beacon of light to European countries, perhaps tempting them to abandon the EU for the new alternative. The result could put Europeans as much as Americans back to work, and encourage less free economies to free up in order to join.

As Hayek said, the political philosopher will influence public opinion "effectively only if he is not concerned with what is now politically possible but consistently defends the "general principles which are always the same."" That is what Anglo-American conservatism stands for – the permanent things. And that is the best way we can help our cousins in Europe.