

### By George Friedman

The European financial crisis is moving to a new level. The Germans have finally consented to lead a bailout effort for Greece. The effort has angered the German public, which has acceded with sullen reluctance. It does not accept the idea that it is Germans' responsibility to save Greeks from their own actions. The Greeks are enraged at the reluctance, having understood that membership in the European Union meant that Greece's problems were Europe's.

And this is not just a Greek matter. Geographically, the problem is the different levels of development of Mediterranean Europe versus Northern Europe. During the last generation, the Mediterranean countries have undergone major structural changes and economic development. They have also undergone the inevitable political tensions that rapid growth generates. As a result, their political and economic condition is substantially different from that of Northern Europe, whose development surge took place a generation before and whose political structure has come into alignment with its economic condition.

### European Unity and Diversity

Northern and Southern Europe are very different places, as are the former Soviet satellites still recovering from decades of occupation. Even on this broad scale, Europe is thus an extraordinarily diverse portrait of economic, political and social conditions. The foundation of the European project was the idea that these nations could be combined into a single economic regime and that that economic regime would mature into a single united political entity. This was, on reflection, a rather extraordinary idea.

Europeans, of course, do not think of themselves as Mediterranean or Northern European. They think of themselves as Greek or Spanish, Danish or French. Europe is divided into nations, and for most Europeans, identification with their particular nation comes first. This is deeply embedded in European history. For the past two centuries, the European obsession has been the nation. First, the Europeans tried to separate their own nations from the transnational dynastic empires that had treated European nations as mere possessions of the Hapsburg, Bourbon or Romanov families. The history of Europe since the French Revolution was the emergence and resistance of the nation-state. Both Nazi Germany and the Soviet Union attempted to create multinational states dominated by a single state. Both failed, and both were hated for the attempt.

There is a paradox in the European mindset. On the one hand, the recollection of the two world wars imbued Europeans with a deep mistrust of the national impulse. On the other hand, one of the reasons nationalism was distrusted was because of its tendency to make war on other nation-states and try to submerge their identities. Europe feared nationalism out of a very nationalist impulse.

The European Union was designed to create a European identity while retaining the nation-state. The problem was not in the principle, as it is possible for people to have multiple identities. For example, there is no tension between being an Iowan and an American. But there is a problem with the issue of shared fate. Iowans and Texans share a bond that transcends their respective local identities. Their national identity as Americans means that they share not only transcendent values but also fates. A crisis in Iowa is a crisis in the United States, and not one in a foreign country as far as Texans are concerned.

The Europeans tried to finesse this problem. There was to be a European identity, yet national identities would remain intact. They wrote a nearly 400-page-long constitution, an extraordinary length. But it was not really a constitution. Rather, it was a treaty that sought to reconcile the concept of Europe as a single entity while retaining the principle of national sovereignty that Europe had struggled with for centuries. At root, Europe's dilemma was no different from the American dilemma — only the Americans ultimately decided, in the Civil War, that being an American transcended being a Virginian. One could be a Virginian, but Virginia shared the fate of New York, and did so irrevocably. The Europeans could not state this unequivocally as they either did not believe it or lacked the ability to militarily impress the belief upon the rest of Europe. So they tried to finesse it in long, complex and ultimately opaque systems of governance that ultimately left the nations of Europe with their sovereignty intact.

When the Berlin Wall came down in 1989, there was no question among the Germans that East and West Germany would be united. Nor were serious questions raised that the cost of economically and socially reviving East Germany would be borne by West Germany. Germany was a single country that history had divided, and when history allowed them to be reunited, Germans would share the burdens. Ever since the 19th century, when Germany began to conceive of itself as one country, there was an idea that to be a German meant to share a single fate and burdens.

This was the same for the rest of Europe that organized itself into nation-states, where the individual identified his fate with the fate of the nation. For a Pole or an Irishman, the fate of his country was part of his fate. But a Pole was not an Irishman and an Irishman was not a Pole. They might share interests, but not fates. The nation is the place of tradition, language and culture — all of the things that, for better or worse, define who you are. The nation is the place where an economic crisis is inescapably part of your life.

When the Greek financial crisis emerged, other Europeans asked the simple question, "What has this to do with me?" From their point of view, the Greeks were foreigners. They spoke a different language, had a different culture, shared a different history. The Germans might be affected by the crisis — German banks held Greek debt — but the Germans were not Greeks, and they did not share the Greeks' fate. And this was not just the view of Germany, the economic leader of Europe, by any means.

In the past, Mexico has had several economic crises in which the United States intervened to stabilize Mexico. This was done because it was in the American interest to do so, not because the United States and Mexico were one country. So, too, in Europe: The bailout of Greece is

designed not because Greece is part of Europe, but because it is in the rest of Europe's interest to bail Greece out. But the heart of the matter is that Greece is a foreign country.

### The Question of European Identity

During the generation of prosperity between the early 1990s and 2008, the question of European identity and national identity really did not arise. Being a European was completely compatible with being a Greek. Prosperity meant there was no choice to make. Economic crisis meant that choices had to be made, between the interests of Europe, the interests of Germany and the interests of Greece, as they were no longer the same. What happened was not a European solution, but a series of national calculations on self-interest; it was a negotiation between foreign countries, not a European solution growing organically from the recognition of a single, shared fate.

Ultimately, Europe was an abstraction. The nation-state was real. We could see this earliest and best not in the economic arena, but in the area of foreign policy and national defense. The Europeans as a whole never managed to develop either. The foreign policies of the United Kingdom, Germany and Poland were quite different and in many ways at odds. And war, even more than economics, is the sphere in which nations endure the greatest pain and risk. None of the European nations was prepared to abandon national sovereignty in this area, meaning no country was prepared to put the bulk of its armed forces under the command of a European government — nor were they prepared to cooperate in defense matters unless it was in their interest.

The unwillingness of the Europeans to transfer sovereignty in foreign and defense matters to the European Parliament and a European president was the clearest sign that the Europeans had not managed to reconcile European and national identity. Europeans knew that when it came down to it, the nation mattered more than Europe. And that understanding, under the pressure of crisis, has emerged in economics as well. When there is danger, your fate rests with your country.

The European experiment originated as a recoil from the ultranationalism of the first half of the 20th century. It was intended to solve the problem of war in Europe. But the problem of nationalism is that not only is it more resilient than the solution, it also derives from the deepest impulses of the Enlightenment. The idea of democracy and of national self-determination grew up as part of a single fabric. In taking away national self-determination, the European experiment seemed to be threatening the foundation of modern Europe.

There was another impulse behind the idea of Europe. Most of the European nations, individually, were regional powers at best, unable to operate globally. They were therefore weaker than the United States. Europe united would not only be able to operate globally, it would be the equal of the United States. If the nation-states of Europe were no longer great individually, Europe as a whole could be. Embedded in the idea of Europe, particularly in the Gaullist view of it, was the idea of Europe as a whole regaining its place in the world, the place it lost after two world wars.

That clearly is not going to happen. There is no European foreign and defense policy, no European army, no European commander in chief. There is not even a common banking or budgetary policy (which cuts to the heart of today's crisis). Europe will not counterbalance the United States because, in the end, Europeans do not share a common vision of Europe, a common interest in the world or a mutual trust, much less a common conception of exactly what counterbalancing the United States would mean. Each nation wants to control its own fate so as not to be drawn back into the ultranationalism of a Germany in the 1930s and 1940s or the indifference to nationalism of the Hapsburg Empire. The Europeans like their nations and want to retain them. After all, the nation is who they actually are.

That means that they approach the financial crisis of Mediterranean Europe in a national, as opposed to European, fashion. Both those in trouble and those who might help calculate their moves not as Europeans but as Germans or Greeks. The question, then, is simple: Given that Europe never came together in terms of identity, and given that the economic crisis is elevating national interest well over European interest, where does this all wind up?

The European Union is an association — at most an alliance — and not a transnational state. There was an idea of making it such a state, but that idea failed a while ago. As an alliance, it is a system of relationships among sovereign states. They participate in it to the extent that it suits their self-interest — or fail to participate when they please.

In the end, what we have learned is that Europe is not a country. It is a region, and in this region there are nations and these nations are comprised of people united by shared history and shared fates. The other nations of Europe may pose problems for these people, but in the end, they share neither a common moral commitment nor a common fate.

This means that nationalism is not dead in Europe, and neither is history. And the complacency with which Europeans have faced their future, particularly when it has concerned geopolitical tensions within Europe, might well prove premature. Europe is Europe, and its history cannot be dismissed as obsolete, much less over.

(c) Stratfor <http://www.stratfor.com/> Reproduced with permission. All rights reserved