‘Mortal danger’? The EU’s coronavirus crisis

*Political scientist and CIB committee member **Dr Anna Bailey** examines the political crisis that has developed in the EU over its financial response to Covid-19. While the EU has managed to muddle its way through the numerous crises thrown at it over the past decade, the deal reached last Thursday does not appear to offer a resolution to the current crisis, but has merely kicked the can a little further down the road.*

‘And then, the crises came.’ The Eurozone crisis. The Ukraine crisis. The refugee crisis. Brexit. In the 2010s the EU was bombarded by an unprecedented series of crises. And political theorist Luuk van Middelaar – himself an insider, as speechwriter to European Council President Herman van Rompuy – wrote a book, *Alarums & Excursions*, about how the EU handled them.

The EU, explained van Middelaar, strove to become a fully fledged actor on the global stage, and this meant it needed to move from the domain of ‘rules-politics’ (technocratic regulation) to that of ‘events-politics’ (high political action). This required a set of actors and institutions that could quickly improvise in response to unexpected events. While the EU had managed to muddle its way through all the crises thrown at it to date, van Middelaar – a not uncritical observer despite his Europhile sympathies – found it vulnerable to ‘bureaucratic hubris’ and lack of popular legitimacy.

But the Gods of Fortune must have felt the need for an updated version of *Alarums & Excursions* – or perhaps a brand-new monograph entirely. For it seems certain that coronavirus will

present the EU with its most serious existential crisis yet.

The last few weeks have given us a rather dramatic foretaste of what is to come: EU member states exchanged insults as they struggled to agree on a system of emergency finance to support their economies (the plural is key here, since the Eurozone has systemically locked in economic divergence rather than convergence). The *Guardian*'s Jennifer Rankin neatly summarised the situation:

> *'The pandemic has reopened the wounds of the eurozone crisis, resurrecting stereotypes about "profligate" southern Europeans and "hard-hearted" northerners.'*

It was of course no surprise that Matteo Salvini, Leader of the Italy's eurosceptic Northern League Party, expressed his 'disgust and distain' for the EU's lack of action:

> *'It took 15 days to evaluate if, who and how to help. While people die. Far from being a 'union', it is a den of snakes and jackals. First let's beat the virus, then we'll think again about the EU. And, if necessary, say goodbye.'*

But what is more telling is that many of the EU's most enthusiastic supporters have added their own criticisms, warning that the corona-crisis it could destroy the EU altogether if its institutions did not get their acts together.

Anger at perceived inaction and lack of solidarity has grown particularly intense in Italy, the EU country hardest hit by Covid-19. Former Italian government minister and now MEP Carlo Calenda, a lifelong Europhile who ran in last year's European parliamentary elections under the slogan 'We are Europeans', stated:

> *'This is an existential threat, I am not sure if we are going to make it. … You have to consider my party is one of the most pro-European parties in Italy and I now have*

> *members writing to me saying: "Why do we want to stay in the EU? It is useless." … A massive, massive shift is happening in Italy. You have thousands of pro-Europeans moving to this position.'*

Calenda took the dramatic step of publishing a letter as a full-page advert in the German daily newspaper *Frankfurter Allgemeine Zeitung*, signed by himself and several mayors and governors from the worst-hit regions. They bitterly attacked the northern countries, calling the Netherlands a tax haven and contrasting Germany's reluctance to support joint European debt with other European countries' partial cancellation of Nazi war debts after the Second World War: 'Germany could never have paid it.'

One cannot help but recall Nobel Prize-winning economist (and committed Europhile) Joseph Stiglitz's verdict on the euro, written in 2015:

> *'Instead of peace and harmony, European countries now view each other with distrust and anger. Old stereotypes are being revived as northern Europe decries the south as lazy and unreliable, and memories of Germany's behaviour in the world wars are invoked.'*

Commission President Ursula von der Leyen was so rattled by the Italian anger at the EU that she took the unprecedented step of apologising to the Italian people in a letter published in the daily newspaper *La Repubblica.* Published under the headline 'Sorry, the EU is with you now', the Commission President acknowledged that European solidarity had been lacking:

> *'Today Europe is mobilising alongside Italy. Unfortunately, this has not always been the case. It must be recognised that in the early days of the crisis, in the face of the need for a common European response, too many have thought only of their own home problems.'*

But, to paraphrase a Russian saying, you can't spread 'sorry' on your bread. With populations under lockdown and unable to earn, governments need to provide their citizens with financial support. The problem is that the countries hardest hit by Covid-19 – the southern states and France – also happen to be the poorest and most indebted, which makes borrowing the large sums needed prohibitively expensive.

These countries are therefore calling for 'coronabonds' – joint debt issues shared by the Eurozone countries, which would enable them to borrow more cheaply. The down-side is that, as well as shared debt being prohibited by the EU Treaties, it would also raise the cost of borrowing for the wealthier nations, notably Germany.

The EU's great and good lined up to plead with the northern countries to find a resolution. European Commission First Vice-President Frans Timmermans warned that 'the EU as we know it will not survive this' if the split continued. Donald Tusk, the former European Council president (of 'special place in Hell for Brexiteers' fame) expressed similarly grave concerns about the political consequences of the perceived lack of solidarity for the southern member states:

> *'I hope everything can be fixed, but the loss of reputation is huge. … We must save Italy, Spain and the whole of Europe and not be afraid of extraordinary measures. This is a state of emergency.'*

Even Jacques Delors, the 94-year-old former European Commission president and architect of both the post-Maastricht EU and the euro, made a rare public intervention, warning that the lack of solidarity in the face of the virus posed a 'mortal danger' to the EU.

Finally, a deal was struck late last Thursday, consisting of finance for up to 500 billion euros of emergency loans. But this was still only a third of what the European Central Bank

itself had said was needed, 1.5 trillion euros. Coronabonds are still firmly off the agenda. Guardian columnist Simon Jenkins was scathing: ‘The coronavirus crisis has exposed the truth about the EU: it’s not a real union,’ he thundered.

The EU has once again muddled its way through – for now. But it is hard to shake the feeling that the can has just been kicked down the road – and not much further at that. The *Telegraph* is already reporting that Italy’s prime minister has rejected the new programme as ‘a trap’, and expresses doubt that the country’s parliament would accept the terms in any case. Meanwhile, a former Greek ambassador, looking ahead to what happens when the money runs out, is calling for the Greek government to stop its repayments to the EU of its own so-called ‘bailouts’ from the 2010s, in order to be able to continue paying financial support to its citizens. Such an action would until recently have been regarded as unthinkable, but as the EU’s coronavirus crisis deepens it could well become not only realistic but essential.

Those of us still haunted by the nightmare of the May premiership recall that her continual can-kicking was largely due to the impossibility of uniting her party – or even the Cabinet – behind a single, collective course of action. That same situation now seems to be true of the EU and its member states. But unfortunately, the lesson of the May premiership is that there’s only so many times you can kick the can before you run out of road.

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