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Europe Needs a Tea Party

The euro isn't what ails the continent.

By BRET STEPHENS

Once upon a not-very-long-ago time, Europe was the land of the future.

In 2005, American trendspotter Jeremy Rifkin published "The European Dream: How Europe's Vision of the Future is Quietly Eclipsing the American Dream." The same year, Washington Post reporter T.R. Reid came out with "The United States of Europe: The New Superpower and the End of American Supremacy." A year later we got "Why Europe Will Run the 21st Century" by British think-tanker Mark Leonard.

Whoops.

Say what you will about most seers, they usually have the sense to kick the proof of their predictions a century or more into the future. Sadly for our authors, Europe's dismal reckoning is unfolding now. Month after month, strikers, protestors and rioters in Athens, Paris, Dublin and London have offered their own verdict on Europe's future. So have the bond markets. Sooner or later this combined revolt of workers, students, pensioners and financiers will be joined—albeit for very different reasons—by middle-class taxpayers, mostly German, who will not endlessly finance the profligacy of people they're already inclined to detest.

What will happen then? Jean Monnet, the EU's founding father, famously predicted that Europe would be "forged in crises." In this crisis, it's just as likely that Europe will be broken by it.

For this the fault does not lie with the euro, as is so commonly alleged. It does lie with a political class that would not abide the terms they agreed to when they adopted the currency—the limits on deficit spending, flouted from the beginning; the fiscal requirements for joining the currency, conveniently ignored to get Greece in; the prohibition against bailouts, now comprehensively junked. A currency whose ground rules have been so utterly violated is not the sinner. It is the sinned against.

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A more reasonable point is whether a continent that cannot contain its fiscal appetites should have ever attempted to subject itself to the discipline the euro was meant to instill. That's like asking whether its ever really worth enrolling an alcoholic in a 12-step. Europe can be awfully charming when it's on the sauce.

But it can be slovenly, surly and violent, too. So far Europe's financial tremors have hit mainly at its fringes. The €750 billion lending facility the EU established last spring has been more

Prince Charles and Camilla, Duchess of Cornwall, react as their car is attacked by angry protesters in London last week.

than adequate to bail out Greece and Ireland to the tune of €177 billion. But that's 23% of a fund for two countries whose combined GDP accounts for just 3.4% of the EU's. Next up is Portugal, with Spain and Italy likely not far behind. Collectively, they comprise 22% of the EU's GDP.

Portugal aside, those bailouts are almost certainly beyond Europe's reach. Yet European leaders are now attempting to rewrite the rules with a permanent bailout fund. The idea is to buy time and "confidence."

Good luck with that. Greece may already be violating the terms of its bailout. There is no long-term guarantee of a benign global economic environment that would give Europe's weaker economies time to recover. Berlin, Europe's proverbial paymaster, faces its own budgetary problems, and it can test German forbearance only so far. Nor is there any guarantee that a future Greek, Italian, Portuguese or Spanish government will abide by budgetary constraints imposed upon its predecessors. They will each have to make their own accommodations with their electorates. Democracies cannot be better than their own people.

There is the nub of Europe's problem. A notable difference between populist movements in the U.S. and Europe is that the American variety typically favors smaller and less-intrusive government. That's basically the tea party. It may be "Mad As Hell," as pollsters Doug Schoen and Scott Rasmussen write in their book on the movement, but it cleans up after itself. It also just elected a new Congress supposedly intent on reining in spending.

By contrast, the crowds that have so far paraded (or stomped) through Europe's capitals are an anti-tea party. They want more debt, not less, more entitlements, not fewer. Not yet demonstrating en masse, though they soon might, are nativist movements that have seized on legitimate fears about immigration to advance policy ideas that typically range from the stupid to the hateful. France's National Front hasn't gained the traction it has just by railing against Islamization; it also rails against pension reform and free trade.

The real question for Europe is whether there's an unsuspected tea party lurking somewhere in its electorate that can exercise meaningful political influence. Britain certainly has one: A new survey of British social attitudes finds the public "more Thatcherite now than in the 80s," when Mrs. Thatcher was in power. But of course the U.K. never was (and never will be) part of the euro zone. In German elections last year, the libertarian-leaning Free Democrats won their largest-ever mandate, though that amounted to less than 15% of the overall vote. As it is, they've mainly abandoned their pledge to cut taxes. Italy has routinely returned Silvio Berlusconi to power on promises to roll back the reach of the state. Alas, he never keeps them.

Such are the glimmers of hope. But the tests and trials that the EU faces are fast coming upon it. Bismarck once remarked that "Whoever speaks of 'Europe' is wrong. It is a geographical expression." We may yet find out that he was right.

Write to bstephens@wsj.com