Review of 'European Disunion Done Right' ***by The Economist***

By Philipp Müller

In its 2012 Christmas edition, *The Economist* published an article on the Holy Roman Empire entitled 'European disunion done right' (pp. 39-41, 22nd December 2012). In this article, *The Economist* argues that 'the "old empire" offers surprising lessons for the European Union'. This review will examine if the Holy Roman Empire really offers lessons on how to solve the EU's problems.

The traditional view is that the Holy Roman Empire failed again and again to get its act together and form a centralised state. Instead it fragmented until it was dissolved in 1806. *The Economist* argues that this traditional view 'would warn leaders of the EU today against repeating history'. They should not let member countries exit from the euro zone or even the EU. 'For this would lead to a gradual break-up of the EU similar to the erstwhile dissolution of the empire and deliver the continent to its old curse of *Kleinstaaterei* (small-statism) in a world of giants such as America, China and India.' Like the old empire, the EU would drift 'into fragmentation and geopolitical irrelevance'.

The Economist calls *Kleinstaaterei* the old curse of Europe and assumes that in a world dominated by continental-seized states a break-up of the EU would lead to Europe's decline and irrelevance. However, small states have been very successful both in the past and today. Today, small states like Norway, Switzerland, Singapore and Hong Kong are more prosperous and better governed than large states like the United States, China, India, Germany, Britain or France. In the late middle ages, city states like Venice, Florence, Genoa and the members of the Hanseatic League were richer and freer than larger monarchies. In the 17th and 18th centuries, Europe – despite being split up in many small states – outperformed the Chinese Empire. Actually, one of the reasons why Europe was more successful than Imperial China was its disunion: the resulting political, scientific, economic and military competition forced the European states to adopt the best and most modern practices, technologies and arms. If they failed to do so, they lost power, wars, territory, or in some cases, even their existence. Thus, a break-up of the EU does not have to spell disaster.

The article warns that ‘in the worst case the old nationalist energies would return, just as they metastasised in the century after 1806‘. *The Economist* is clearly biased against nationalism. The writers and editors of *The Economist* blame nationalists for the outbreak of the First and Second World War and think that the EU is the answer against the threat of nationalism and wars. In my opinion, it is governments who make the decision if a state goes to war. The people, enraged by nationalist passions or agitation, might clamour for war but it is the politicians in power who make the decision. An example are the large crowds in Paris, which cried for war against Britain during the Faschoda crisis in 1898. However, the French government decided that the control of the river Nile valley in the Sudan was not worth fighting over.

The article goes on to present a revisionist view, which:

> ‘regards the institutional structure of the empire as it emerged from the 1653 Reichstag as a prototype for the EU today. Its proponents mean that in a good way. Peter Claus Hartmann, a historian at the University of Mainz, says that the old empire, though not powerful politically or militarily, was extraordinarily diverse and free by the standards of Europe at the time. By this revisionist view, *The Economist* argues, ‘EU leaders today need not fear a “looser union”. They could welcome the crisis as an opportunity to refine and fix the EU’s federalist structures. This would mean embracing the reality of dual sovereignty, shared between emperor and princes then, between Brussels and member states now. With the principle of “subsidiarity”, which organised both the empire and the EU, Europe can remain free and happy.’

This is indeed wise advice and a good lesson for the EU. If the European politicians and the bureaucrats in Brussels followed it, they could build a loose union where power, influence and sovereignty are divided between the member states, the European Commission and the European Parliament and where each member state decides how much and in which areas it wants to share sovereignty with other members and Brussels. Such a loose EU could last for centuries, just like the Holy Roman Empire.

However, for this to happen the politicians and bureaucrats would have to accept that an ever closer union and a United States of Europe is impossible to achieve. But this is very unlikely as many of them are deeply committed to the idea of an ever closer union and want to turn the EU into a single, federal state. The failed European Constitution was one attempt to achieve that goal; the Euro and the monetary union another. Some of the people pushing for the single currency knew perfectly well that a monetary union without a fiscal union (with its transfers from richer to poorer member states) would lead inevitably to a massive economic crisis or even a series of crises. The recent, still ongoing Euro crisis came as no surprise for them. They knew that in order to solve the crisis and to save the Euro, national leaders would accept measures - a banking union, submitting national budgets to Brussels for approval and eventually a fiscal union - which they would have resisted before the crisis. In order for the single currency to work properly, the monetary union needs to be complemented by a fiscal union, which means the creation of a single treasury in Brussels with an EU finance minister at its head who would make the decisions on taxing and spending for the whole EU. Thus, the adoption of a fiscal union would effectively mean the creation of a single government and a political union, the United States of Europe.

However, the establishment of the monetary union and the Euro means that the Eurozone must either create a fiscal union or break up. History teaches us that monetary unions either break up (like the Latin Monetary Union in the 19th century) or become a state. However, in the latter cases, political unification precedes monetary union (examples include the unification of Germany in 1871). The option of a loose union *à la* the Holy Roman Empire seems not to be on the cards for the EU right now. That might change after a potential break-up of the Eurozone tough.

History

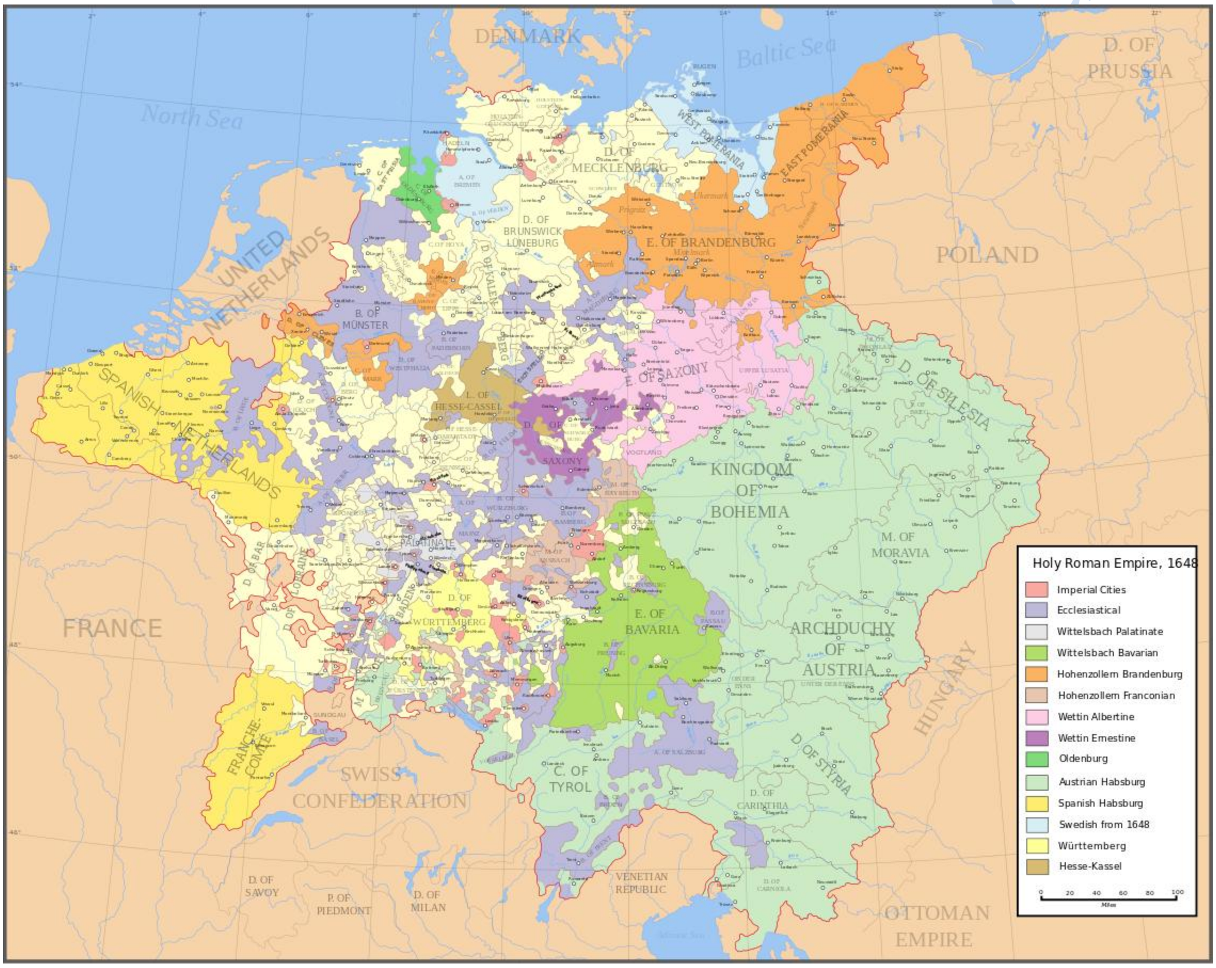
The article provides a short overview over the empire's thousand year-history. The empire was created by

> 'Charlemagne, a Frankish king who united a geographic area similar to that of the 1952 precursor to the EU, the European Coal and Steel Community of West Germany, France, Belgium, the Netherlands, Luxembourg and Italy. This geographic similarity often invites comparisons to the EU (not least by *The Economist* itself, which names its European column after Charlemagne). The title "holy" was added in the 12th century, when emperor Frederick I (Barbarossa) wanted to emphasise his independence from the pope.'

The Economist fails to mention that the empire was inspired by the Christian ideal of a universal state. Because there was only one God, there should be also only one ruler on earth. The empire was supposed to include all of Christendom, at least the Catholic lands, but the Iberian Peninsula, the British Isles, France, Scandinavia, Eastern Europe and the Balkans were never part of it. Still, during the middle ages, the empire was a supranational institution, just like the EU today. *The Economist* does not include the religious inspiration of the medieval empire as one of the lessons for today's EU as it does not like the idea of an EU based on its Christian heritage and religion. For its part, the EU has explicitly ruled out Christianity as a uniting factor. It is open for Muslim-majority states like Bosnia, Albania or Turkey to become members.

The ideas of the Renaissance and Humanism changed the way many people thought about the world and the Christian idea of a universal empire lost much of its power. In the 16th century, the reformation tore the Christendom apart and shattered the religious unity of Western Europe forever. The northern half of Europe became Protestant, while the southern part remained Catholic. As a result, the ideal of a universal empire was destroyed. Many German princes, especially in the north of Germany, became Protestants. The Holy Roman Empire was now not only politically but also religiously divided. The empire need a different *raison d'être*.

During the 14th and 15th centuries, the empire lost its possessions south of the Alps and became a predominantly German entity (see map below). The expression “of the German Nation” was added to the empire’s title (Das Heilige Römische Reich Deutscher Nation, or, in English, The Holy Roman Empire of the German Nation) in the late 15th century. In the peace treaties of 1648, the empire had to recognise Switzerland and the Netherlands as independent states. The Franche-Comté (a region in eastern France) and Alsace were lost to France in the second half of the 17th century while the Austrian Netherlands (now Belgium) ceased to be part of the empire in the 1790s.



Map, Holy Roman Empire, 1648 [Source]

If the empire had managed to become a centralised state any time after 1500, it would not have been a supranational entity (as a hypothetical United States of Europe would be) but a Great Germany, similar in geographical extent to the ambitions of many German nationalists in the 19th century and the first half of the 20th century. The essential German character of the empire was emphasised by the creation of a successor entity, the Deutscher Bund (German Confederation), at the Congress of Vienna in 1815. The borders of the Deutscher Bund (see map below) were very similar to the ones of the Holy Roman Empire. What kept the empire together after the loss of its religious *raison-d'être* was the wish of many Germans to have an institution that would link them with their fellow Germans. *The Economist* does not bother to mention all of this in its article – because it would contradict *The Economist's* view of the empire?

Source

Institutions

The article compares the empire's institutions with the ones of the EU. The main institutions of the empire were the emperor, the Reichstag – regular meetings of all princes and free cities of the empire -and two imperial courts. These institutions can be compared to the EU Commission, the European Parliament and the European Court of Justice respectively. The "juridical" principle in the empire stated that conflicts were to be resolved by lawyers rather than soldiers.

The EU currently has 28 member states. During its final 150 years, the empire had more than 300 territories. Should each member get one vote in the Reichstag? If so, small statelets could outvote large, powerful duchies. Or should votes be weighted by territory? If so, big princes could bully little ones. Should decisions be taken by simple majority, qualified majority or unanimity? The empire answered these questions as the EU does: with a characteristically it-all-depends. In matters of religion, which had caused so much bloodshed, the empire adopted special rules, so that two councils, Catholic and Protestant, had to reach agreement. In other matters the votes were weighted so that the princes of the larger territories had one ballot each, and the smaller territories were grouped together. In principle, if not detail, the EU takes the same approach, requiring unanimity sometimes, other times qualified majorities, reflecting both the number of states and the populations represented.

The article claims that there is and was a healthy balance between protecting the interests of the small states while allowing for action by the centre. After seeing how the EU Commission, Germany and France bullied smaller members like Ireland, Greece and Portugal during the Euro crisis, one has doubts about this 'healthy balance' in the EU. As for the empire, during its last 150 years the balance was tilted towards the interests of the member states and it hardly allowed for actions of the centre.

Several emperors tried but failed to achieve a centralised state or, in the EU's terminology, an ever closer union. Each time, the princes withheld the necessary money or soldiers. At each Reichstag power was renegotiated and usually favoured a looser union.

> 'At the 1653 Reichstag, one last time, the empire could have gone either way, toward a centralised union or a decentralised federation. Emperor Ferdinand III would have preferred the former. But the princes, led by the charismatic elector of Brandenburg, rejected the emperor's proposal to make all estates pay imperial taxes authorised by the Reichstag.'

The Economist argues that this would have amounted to a 'rudimentary transfer union', which is contemplated by EU leaders now. However, the most important consequence of direct taxation is that a central government gets an independent source of money and is not any more dependent on contributions from its sub-entities (today the EU member states, back then the princes of the empire). Over time the central government, almost inevitably, becomes increasingly powerful and starts to overshadow and overpower its sub-entities. This is exactly what happened in the United States, where the federal government has become more powerful than the 50 states of the union. A transfer union is simply a by-product of such a development.

The reason for the fall of the empire

Finally, the article discusses the reason for the downfall of the empire. The empire was dissolved by Emperor Francis II in 1806, accepting a French ultimatum after the French had defeated Austrian forces several times. But military weakness was not the reason per se for the downfall of the empire: 'Imperial armies repelled the Ottoman Empire eight times in 300 years'. Half of the army, which lifted the siege of Vienna in 1683, consisted of imperial troops. But the fact that the empire remained a loose confederation, whose members could conduct their own foreign policy, meant that it could not create powerful armies consisting of the combined forces of all members. Had the empire become a federation, it might have been able to resist both Louis XIV in the late 17th century and Napoleon a century later. In military terms, a federation is more powerful than a confederation. Again, *The Economist* does not mention this lesson of the empire in its article.

The real reason for the downfall of the empire was internal: the increasing power of two member states, Austria and Prussia. The article states that:

> 'the empire had grown weak long before Napoleon, and that development may offer the real warning to the EU. In the 18th century two members, Austria and Brandenburg-Prussia, outgrew the empire, reducing the other territories to a "third Germany". That was destabilising. […] The real problem was that Prussia became so powerful that the empire could no longer discipline it. While it cooperated with Austria, as Germany and France have done in the EU, the duo maintained order. But once Prussia began putting its own interest above the empire's, even fighting against Austria, a far-sighted observer could have seen the beginning of the end.'

This is certainly true. Austria and Prussia became so much more powerful than any other member of the empire that it necessarily had to destabilise the empire. When the centre of a confederation cannot control one or several of its member states anymore, then it is very likely that this confederation will splinter or that one or some member states will break away.

The article argues that this development is a lesson for today's EU. It compares it with the origins of today's crisis, and the danger in the much longer term, in Germany's powerful position. The EU member states, prompted by Germany, signed a "stability and growth pact" in the late 1990s to impose fiscal discipline on member countries and to avoid crises. But that pact lost its bite a decade ago once Germany itself broke it. The EU should have taken Germany to task but it did not. The EU can discipline a small state like Ireland or Greece, but not powerful ones like Germany or France. *The Economist* is absolutely right: Germany, Britain and France are too powerful to be controlled by the EU Commission. Here the empire offers the EU indeed a valuable lesson.

Conclusion

The article finishes by wondering where history leaves EU leaders today. It compares the empire with the United States:

> 'Faced with a similar crisis in the 1780s, a different confederation seized a "Hamiltonian moment", assumed the debts of its member states and had a good run as the United States of America. The empire, by contrast, had settled on a looser structure without a "transfer union".'

The comparison with the United States is not without merit. The U.S. was a confederation until the adoption of its constitution in 1787, which changed it into a federation. However, among the 13 states, no state was far more powerful than the others, unlike the empire where Austria and Prussia were overwhelmingly more powerful. Also the United States were isolated on the Atlantic coast of North America. They did not pose a threat to other states. A united empire however, would have utterly destabilised the European balance of power, just as the unified Germany did in the second half of the 19th century. In the 17th and 18th centuries, great powers like France, Sweden, Britain, Poland and Russia might have tried to stop any serious attempt of centralisation and unification.

Finally, *The Economist* claims that the empire was 'a union with which its subjects identified, whose loss distressed them greatly. Many Europeans would feel the same if the EU followed it to oblivion.' A consultation of the latest Eurobarometer[1] on how Europeans see the EU shows not too many would experience such distress: Less than a third of the people surveyed expressed a positive image of the EU.[2]

[1] *The European Commission*, 'Public Opinion in the European Union', Standard Eurobarometer 80, Autumn 2013, http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf
[2] *The European Commission*, 'Public Opinion in the European Union', Standard Eurobarometer 80, Autumn 2013, http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf, page 8