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Things getting out of hands

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Europe is still waiting for a new German government, five months after the election, while Merkel's authority is wasting away and the SPD is about to commit suicide for fear of death. Moreover, in a few days Italy will vote, and the outcome may well be an anti-euro majority, certainly not a pro-euro one. Nobody knows how "the markets" will react, and what governments will then do, so nobody talks about it. And Brexit is *ante portas*, among other things presaging a huge shortfall in EU coffers.

What is "Europe", as embodied by the European Commission, doing? Juncker got his buddy Schulz, soon after to be politically defunct, to call for a "United States of Europe" by 2025, after he had never mentioned "Europe" during his pathetic election campaign. One suspects that this was to counter Macron's intergovernmental "reform" vision, even though Schulz may not have quite understood this. In any case, he dropped the issue as fast as he had raised it, perhaps upon a phone call from the Elysée. Then, to keep things lively, Commission Vice President Mogherini, in a speech to the European Parliament on February 2, outlined the EU's "Strategy on the Western Balkans". This refers to six countries, Montenegro, Macedonia, Albania, Serbia, Bosnia and Herzegovina, and Kosovo, with a total population of 18.2 million, ranging from Montenegro with 622,000 inhabitants to Serbia with 7.1 million. Accession, according to Mogherini, is to be "merit-based", but according to her the EU "has a clear political commitment" and a "realistic perspective" to complete the process by 2025, and for all six countries at the same time.

The West Balkans is very poor. Per capita income is 3,100 euros in the Kosovo and 5,800 in Montenegro, the others ranging between the two. For comparison, per capita income in the EU-28, still including the UK, is 28,800 euros, more than nine times as much as in the Kosovo; in Spain it was 31,450 euros in 2016. This, and the need to build up and sustain a minimum of European-style state institutions, makes accession expensive. Between 2007 and 2017, roughly nine billion euros went from Brussels into the region, and Serbia alone will by 2020 have received roughly three billion under the EU's "Instrument for Pre-Accession Assistance" (IPA). While pressures for democratization and judicial independence and the fight against corruption and nepotism were less than successful, the EU's geostrategic interest seems strong enough to invite countries like Serbia and Kosovo to join, as early as seven years from now.

The need for financial support will not end after accession. Who will pay for keeping "pro-European", i.e., anti-Russian, parties in power once the UK will no longer contribute? Note that Germany and France have now firmly committed themselves to balanced budgets. When in 2004 the EU expanded to include ten formerly Communist Eastern countries, it also expanded its structural funds, but not enough to keep its support for Mediterranean member states from declining. The "solution" was that with the euro, Southern member states were encouraged by the Commission to replace what they couldn't get from the structural funds with cheap credit, and felt safe doing so on promises that "Europe" would help if "asymmetrical shocks" were to interfere with debt service. In 2008 ff., it turned out that this was, well, overly optimistic, also because the Lehman Brothers "shock" was all but asymmetrical. If the fresh money needed to keep the West Balkans happy in the EU can no longer be borrowed after of the 2008 experience, where then will it come from? Higher taxes in the North? No government will dare ask its voters for this. As "Europe" clings to its and the U.S.'s geostrategic objectives, more distributional conflicts and highly divisive disappointments loom on the horizon.