

Europe's Crisis of Ideas

BY BRET STEPHENS



Europe is in a crisis. Superficially, the crisis is about money: the Greek budget, a German-led bailout, the risk of contagion, moral hazard, the fragility of the euro. Fundamentally, it's a crisis of ideas.

At last month's meeting of the World Economic Forum in Davos, Greek Prime Minister George Papandreou offered a view on the source of Europe's woes. "This is an attack on the euro zone by certain other interests, political or financial," he said, without specifying who or what those interests might be. In Madrid, the government has reportedly ordered its intelligence service to investigate "collusion" between U.S. investors and the media to bring Spain's economy low.

Maybe the paladins of Spanish and Greek politics seriously imagine that hedge-fund managers sit around dimly lit conference rooms like so many Lex Luthors and—cue the sinister cackles—decide on a whim to sink this or that economy. Or maybe they think there are political dividends to reap by playing to peanut galleries already inclined toward these kinds of fantasies.

Whichever way, the recrudescence of conspiracy-theory politics, among governments that supposedly belong to the First World, is just one symptom of Europe's intellectual malaise. On the other end of the spectrum is the view that the Greek crisis is the perfect opportunity to expand the regulatory reach and taxing authority of Brussels. Never mind that Greece's economic woes are transparently the result of a government spending beyond its means while failing to promote growth. In this reading of events, the ideal resolution is to extend the prerogatives of a bureaucracy to an even higher level of unaccountability. This is a bit like saying that if your toenail appears to be seriously infected, consider having brain surgery.

Why do Europeans so often find themselves trapped in this sterile dialectic of populist obscurantism and technocratic irrelevancy? Largely because those are the op-

tions that remain when other modes of analysis and prescription have been ruled out of bounds. "All European economic policies are the cultural derivatives of one dominant, nearly totalitarian statist ideology: the state is good, the market is bad," says French economist Guy Sorman. The free market, he adds, is "perceived as fundamentally American, while statism is the ultimate form of patriotism."

In the U.S., faith in the general efficacy of markets isn't simply a cultural inheritance. It is sustained by the work of serious university economics departments; think tanks like the Hoover Institution and grant-makers like the Kauffman Foundation, plus a few editorial pages here and there. It's also the default position of the Republican Party, at least rhetorically.

By contrast, in continental Europe the dominant mode of conservative politics is sometimes pro-business but rarely pro-market: During his 12-year presidency of France, Jacques Chirac railed against "Anglo-Saxon ultraliberalism," a phrase that became so ubiquitous as to almost obscure its crassly xenophobic appeal. There are think tanks, but they are almost invariably funded by political parties and hew to the party line.

Then there is the media. Last week, German Foreign Minister Guido Westerwelle, who leads the country's market-friendly Free Democrats, took to the pages of *Die Welt* to lament that Germany's working poor make less than welfare recipients. "For too long," he wrote, "we have perfected in Germany the redistribution [of wealth], forgetting where prosperity comes from."

For his banal observations, Mr. Westerwelle was roundly accused of "[defaming] millions of welfare recipients" and urged to apologize to them. It takes a remarkably stultified intellectual climate for an op-ed to spark this kind of brouhaha: It is the empire of the Emperor's New Clothes, adapted to the 21st century welfare state.

This is all the more remarkable given that Europe's economic travails aren't exactly difficult to grasp. Greece in a nutshell? It costs \$10,218 to obtain all the permitting needed to start a new

business there, according to Harvard economist Alberto Alesina. In the U.S., it takes \$166. But tyrannies of thought are hard to break, especially when the beneficiaries of state largess—from college students to government workers to captains of subsidized industries—become a political majority. The U.S. may now be approaching just such a point itself.

Is there a way out? "I am deeply convinced," says Mr. Sorman, "that I belong to a continuous tradition of liberty against the state, with a fine pedigree: Montesquieu, Tocqueville, Jean Baptiste Say, Jacques Rueff, Raymond Aron, Jean-Francois Revel." Not an Anglo-Saxon name among them. Europe's recovery—and the recovery of Europe—will come only when they are no longer prophets without honor in their own lands.



La crisi di idee dell'Europa (pds)