27.1.2016 A tough time for Europe

A European Parliament struggling with a bunch of MEPs from the Front National or equivalent European organisations; a governance held hostage by the British referendum on the potential exit of the United Kingdom; growing tensions over the arrival of Syrian migrants that threaten the Schengen space; a Europe paralysed by the Ukrainian conflict and the return of the Russian ogre; a less severe but still unresolved Greek crisis; and, beyond all this, a new worldwide economic crisis on the horizon: these are tough times for Europe.

The entire global economic and political balance is in the process of change. Certainly, the United States are more powerful than ever, thanks to the strength of the Internet economy that has developed these last thirty years. Consider the strength of this global "racket" developed by Facebook, Google, Uber, Airbnb, Amazon, Booking and all the rest. Booking.com, for example, is the site through which every hotel in Europe, in France or in Corsica, even far inland, markets almost half of its capacity: for every room booked, the on-line booking system transfers to the US 17% of the sum paid by the customer, as much as the VAT paid to the State! There has been nothing like it in economic history since the oil shocks with which the Gulf States, by raising the price of petrol without reference to the exploitation costs, directly drained the global economy of massive sums due to its quasi-monopoly of a resource that none of us could do without. With the financial gains extracted by the digital economy from activities in every country of the world, the US will have no difficulty in maintaining its position in the first rank of world powers, the more so since its dependence on oil is a thing of the past, now that American production has taken off again thanks to shale gas.

China's rise in power to the second rank worldwide ahead of Germany, while still remaining far behind Europe as a whole, has come to a halt. The first effect of this is to make stock markets catch cold throughout the world. This is not yet a crash like the one we saw in 2008, but the anxiety is real. In fact, the mechanism is simple. For thirty years, and since the start of its economic spring, the Chinese economy has doubled its production capacity every ten years, thanks to an annual grown rate of 10%. That could not go on indefinitely! Managers had presumed this, imagining that the vast internal Chinese market could take up the slack once external markets were saturated. But the adjustment has not gone smoothly, the manufacturing tissue is swollen in exaggerated fashion, other competitive economies are emerging, and, in an impenetrable post-communist economy where the statistics are dictated by political imperatives rather than by the actual figures, everyone is wondering about the risk of a global crisis provoked by an economic catastrophe in China.

In any event, the rest of the world is slowing down. The oil-producing states that are most dependent on their old revenues, Venezuela, Algeria, Nigeria and of course the countries of the Middle East, have almost exhausted the nest egg accumulated during the good years, when the price of a barrel came close to 100 dollars. Today, it has plunged below 30 dollars, the fall is staggering, and against such a background tensions are heightening. The two Middle Eastern blocks, Shi'ite focused around Iran and Sunni around Saudi Arabia, have embarked upon a very high-risk conflict. In Syria and in Iraq, the rise of Daesh has seen it spiralling out of control, and the repercussions are devastating as far away as the streets of Paris or Brussels. The insane abuses of Daesh have brought about the return of Iran to the international stage, but Saudi Arabia is intensifying its interference in Yemen and the summary execution of a leading Shi'ite has caused outraged far exceeding the official Iranian reaction.

In this heightened international context, Europe is struggling to maintain its place. It is dependent on Russian gas, it has suffered the very direct repercussions of the Iraqi-Syrian conflict, it has missed the boat while the US monopolised the Internet economy, and it does not know how to respond in Syria and Iraq, nor how stamp out the risks of contagion in Libya and Tunisia, for it has

had no Mediterranean policy for twenty years. In the east, populist movements are being borne into power by tensions with the former Russian occupier, especially in Poland, hitherto the 'star pupil' of the enlargement that followed the collapse of the Berlin wall. In the north, Great Britain is distancing itself from a European project which it wants either to stifle or to leave, and beyond, euro-scepticism is spreading in all the countries that border the North Sea and the Baltic. France is lost in a chauvinistic retreat, and Germany is dominating economic and political discourse more by default than from ambition.
These are tough times for Europe. The consequences may make themselves felt everywhere in the European Union, even to the heart of Corsica.