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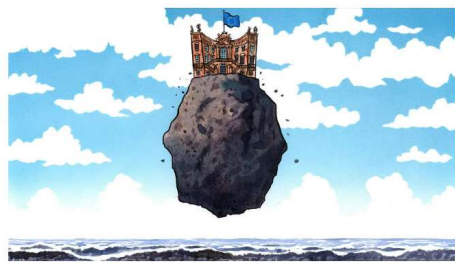
Charlemagne : The unbearable self-indulgence of Europe

There are five luxuries it can no longer feasibly afford

Europe | Charlemagne

The unbearable self-indulgence of Europe

There are five luxuries it can no longer feasibly afford



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“For things to remain the same, everything must change.” The aphorism from “The Leopard”, Giuseppe Tomasi di Lampedusa’s novel about 19th-century bluebloods trying to keep their privileged perch as Sicily boils with revolution, neatly encapsulates Europe’s 21st-century predicament. A peninsula dense with countries that once ruled vast swathes of the planet has watched uncomfortably as former colonies caught up or insolently forged ahead. It knows full well change is necessary. Yet Europe can seem as comfortable with adaptation to an evolving world as decadent Italian aristos of yesteryear. Give me the will to enact reforms, Lord, but can it be *domani*?

The European Union at the continent’s heart oddly cherishes the insouciant belief it can change only if forced to do so by crisis. It is thus vital for it to grasp that crisis is where Europe finds itself today. Having long relied on China’s market for growth, Russian gas to fuel its industry and American military heft for security, the EU has been rocked by three years of war in Ukraine and three months of Donald Trump’s aggressive transactionalism in America. Amid the tumult that reigns in the world, Europe must embrace change. Like a noble family belatedly realising it must trim the retinue of butlers and housemaids to stay solvent, Europe should start by ditching the luxury policies it has long taken for granted—but are now indulgences it can ill afford.

Start with continental Europe’s relationship with Britain. Beefing with its insular foe has been something of a guilty pleasure for the EU since Britain became the first member to leave the club in 2020. Like a jilted lover who enjoys seeing an ex struggle, the EU has treated Britain shoddily in part to avoid other countries attempting their own jailbreak. That justification no longer holds: Brexit is now held up as a cautionary tale, not a model to emulate. Still, despite endless talk of “resets” in the relationship, bashing *les rosbifs* remains the order of the day. This is a policy extravagance. Britain has military, geopolitical and industrial heft that can amplify Europe’s sway in Ukraine. An agreement that would in practice allow Britain to take part in EU schemes to help the continent re-arm looks likely to be sealed at a summit on May 19th. But for weeks the arrangement has been held hostage by the need for Britain to make concessions around completely unrelated areas. Notably, the French are insisting issues like fishing rights—yes, the right to fish—need to be settled *before* matters of defence can be addressed. This is luxuriating in pettiness.

The way that Europe treats other countries farther afield also looks self-indulgent these days. For years the EU has tried to impose its rules—whether pertaining to the environment, working conditions or much else besides—far beyond its borders. Eurocrats basked in the “Brussels effect”, whereby regulations devised in the EU capital would soon become global standards. Concerns that this annoyed countries like Indonesia, who

were told to grow palm trees in this way but not that, were casually brushed aside as being Not Europe's Problem. Now that the EU needs to sign lots of trade deals to offset American protectionism, it very much is. Europe is a shrinking force in the global economy. It is a luxury to pretend otherwise.

Some red tape is already being cut. Far more could be, especially close to home. If the EU cannot trade with America as freely, its 27 member countries could instead do more business with each other. Yet administrative barriers to trading services between EU countries are equivalent to a 110% tariff, according to the IMF. Commissioning, then ignoring, hefty studies on how to improve the single market is akin to a sacred tradition in Europe—another expensive one. It sadly endures. Every Brussels wonk's desk is weighted down by an increasingly dusty 400-page report released last year by Mario Draghi, a former Italian prime minister, brimming with sensible ideas of how to deepen economic integration. Hardly any of them have been acted on.

One particularly decadent trait of Europe's has been to put off problems until they become so acute that fixing them costs a fortune. Take the continent's perilous demography. Europe in 1980 had around five working-age citizens in effect paying for every pensioner. Now it has three—and by 2050 there will be just two workers per pensioner. Some solutions to rectify the balance seem appealing but are impractical. Pushing Europeans to have more babies has proved unsuccessful; importing migrants is politically contentious. Eschewing the obvious solution of getting people to work longer, for example by linking retirement ages to life expectancies, is one of those luxuries now beyond Europe's means.

The Dior handbag of policies

Finally, Europe's most hedonistic habit in recent decades has been to scrimp on defence. Gorging on the "peace dividend" that followed the end of the cold war meant more money for social spending. Several countries, such as Italy and Belgium, are only now finding ways to reach NATO spending targets of 2% agreed to in 2014. Pious commitments to boost that figure to 3% or more at a NATO summit in June will ring hollow without laying out how this will be financed. Whether through joint EU debt—a taboo for Germany—or cutting social spending, pretending there are no trade-offs is an otherworldly delusion that has endured too long.

Ditching luxury policies is worthwhile in itself. It also ensures other policies that really matter get more attention. The EU's ambitions to cut carbon emissions to "net zero" by 2050 are costly but necessary—though some other green rules might deserve a second look. Aiding Ukraine is no indulgence, on the contrary. Nor is financing the welfare state, to which many Europeans are attached. But to focus on what really matters requires understanding that a changing world requires changing priorities, too. ■