

The End of Europe?

PARIS — Ever since World War II, the liberal global order that has spread more freedom and prosperity around the world than at any other time in history has been held up by two pillars: the United States of America and the United Nations of Europe, now known as the European Union.

Both of these centers of free markets, free people and free ideas are being shaken today by rural and beyond-the-suburbs insurgencies of largely white working-poor and anxious middle classes, which have not generally benefited from the surges in globalization, immigration and technology that have lifted superstar cities like London, Paris and San Francisco and their multicultural populations.

Having just seen the shocking sight of Parisian stores boarded up right before Christmas to protect against rioting along the Champs-Élysées by some of France's yellow-vested protesters; after being told in Rome a few days earlier that Italy, a founding member of the EU, could conceivably shuck off both the EU and the euro one day under its new bizarre far-left/far-right governing coalition; after watching Britain become paralyzed over how to commit economic suicide by leaving the EU; and after watching President Trump actually cheer for the breakup of the EU rather than for its good health, it is obvious to me that we're at a critical hinge of history.

The core challenge for both the U.S. and the EU is the same: These rapid accelerations in technology and globalization have brought many more immigrants into many more remote corners of their societies — public housing in Paris today is dominated by immigrants — at the same time as many long-frozen social mores have changed — like acceptance of same-sex marriage and transgender rights — and as average work no longer returns an average wage that can sustain an average middle-class lifestyle.

The middle classes that powered the growth of the U.S. and the EU in the 20th century were built on something called a “high-wage, middle-skilled job.” But robotics and artificial intelligence and outsourcing and Chinese imports have wiped out a lot of middle-skilled routine white-collar and blue-collar work.

Now there are high-wage, high-skilled jobs and low-wage, low-skilled jobs. But high-wage, middle-skilled jobs are vanishing, leaving a considerable cohort of

people with stagnant incomes and burning resentments at the globalized city slickers who they think look down at them and have mastered the non-routine skills required for a high-wage job today.

When you simultaneously challenge all these things that anchor people — their sense of home, their job security, their prospects for growth and the social norms that, for better or worse, defined their lives — and then amp it all up with social networks, you can get a really ferocious blowback, as France's president, Emmanuel Macron, saw across his country.

On Nov. 24, The Guardian published an illuminating collection of voices from Yellow Vest protesters in Paris that told their stories. There was Florence, 55, who worked for an airfreight company outside Paris, who said of Macron, "When he appears on television we have the impression he is uncomfortable with normal people, that there is a certain contempt for us."

There was Bruno Binelli, 66, a retired carpenter from Lyon, reacting to Macron's raising the taxes on diesel to combat climate change, leading to fuel costs that hit people in the countryside particularly hard because they have only cars to get around: "I have a little diesel van and I don't have the money to buy a new one, especially as I'm about to retire. We have the feeling those from the countryside are forgotten."

And there was Marie Lemoine, 62, a schoolteacher from Provins, who said she was neither "right or left," explaining: "I'm here for my children and grandchildren and all those people left crying by the 15th of the month because they've gone into the red. ... Macron is our Louis XVI, and we know what happened to him. He ended up at the guillotine."

It is going to take extraordinary leadership for the U.S., Britain and the EU to come up with a strategy for these grievances.

It has to balance the need for economic growth and redistribution, the need to take care of those who have been left behind without burdening future generations, the need for free-flowing borders to attract new talent and ideas, and the need to prevent people from feeling like strangers in their own homes.

But that leadership is not present. I get why a slim majority of U.K. citizens voted for Brexit — as it was sold to them. They were told they could curb all the stuff

they didn't like — such as a flood of 2.2 million foreign EU workers — and still keep all the stuff they liked — mainly Britain's free access to the EU market — and give up nothing. But it was all a lie.

And to now watch the Conservative Party hacks who pushed that lie, led by Boris Johnson, continue to demand that their prime minister deliver this fantasy Brexit in the face of the reality that it's impossible — and in the face of how bad even the second-best option will be — is to watch a once-sane country write a suicide note in a moment of irrationality and then argue endlessly over how to carry it out — death by hanging, poison or a gunshot to the head. They've got to reconsider. Disconnecting in a connected world is nuts.

Macron, by contrast, dared to do the right things to unlock growth in France, at the right time, "but he did not understand the difference between being right and doing it right," a French economist, Ludovic Subran, told me. And he did not understand how his policies differently affected "the beer drinkers and the wine drinkers."

Macron set up a totally imperial presidency, built around a tiny team — "they were like a commando unit," Le Monde writer Alain Frachon remarked to me.

Macron pushed through four vital structural fixes that fostered growth: pro-investment tax reforms, reduced pensions for the bloated railway union, relaxed labor rules to make it easier to fire and hire workers, and big new public investments in skills and education for the most disadvantaged.

But because Macron's party didn't exist until he ran for president, it had no mayors to connect locally with the people and feel their pulse. So Macron was stunned when his royalist, let-them-eat cake, top-down approach produced a vicious backlash after he cut taxes for the wealthy and corporations and sought to pay for some of it with taxes on diesel fuel and pensions — without exempting the rural working classes, which have no mass transit and need to drive everywhere. Feeling humiliated, they donned their yellow vests, drove into the heart of Paris and other cities and lashed out: "Can you hear us now?"

Macron "thought he was governing Singapore, not France — a revolutionary country," added Frachon. "He made every political mistake. He did not miss one."

To save his presidency, a shell-shocked Macron busted his budget and canceled

the fuel tax hike, raised the minimum wage by 100 euros (\$114) a month and scrapped a planned tax on pensions under 2,000 euro (\$2,272) per month. But because the Yellow Vests have no leader, no one knows what happens next.

“France today has a leader with no followers and an opposition with no leader,” said U.S. foreign policy expert Michael Mandelbaum.

And the reason that matters is France and Germany were always the two adults whose partnership and adherence to the EU budgets and standards were the cement that held the whole EU pillar together.

Here is what’s really scary, though. I don’t think there are national solutions to this problem — simply cut taxes or raise taxes — in the way there were in the past. I think the countries that will thrive in this era are the ones that have the most nimble cities, with the most nimble local leaders, who build adaptive coalitions of businesses, educators and social entrepreneurs, who can compete locally, regionally, nationally and globally.

In this world, highly centralized countries will fare much worse than decentralized ones. That’s the real shift France has to make, and, if it can’t, watch out for falling pillars. France matters.

Dominique Moïsi, one of France’s top foreign policy analysts, put it to me like this: At a time when America, which was always the European Union’s life insurance policy against predatory threats from the East and was the world champion of democracy, begins to withdraw from the world; when Russia returns with a vengeance to global politics; when Germany turns inward and Italy rebels against EU spending limits and moves closer to autocratic Russia; when so many roads now lead to Beijing; and when the U.K. is hellbent on suicide, “suddenly what happens in France goes beyond France. We are the last barrier protecting the European idea. If Macron fails, it can bring the end of Europe.”

Thomas Friedman writes for the New York Times.

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