

## What's happening in Europe? Paul McCarthy, Mannkal

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I just returned from a trip to Europe for a couple of close friends' weddings. To my wife's chagrin, my economic updates on Facebook tend to get more "likes" than my "having a good time" posts, but small anecdotes can paint a powerful picture. So it was, when a young Italian lamented, "you are lucky to be Australian, there are no jobs in Italy, no future for young people... and we are angry at the UK for Brexit, why do they want to leave?" For much of Western Europe's youth, the EU seems to have overtaken the Catholic Church as an article of absolute faith. The solution to any problem is that you simply need "more Europe" and must redouble your devotion. The idea that many of Italy's problems come from the currency and political union, and that Britain wanted to avoid the same, seemed foreign. As a tour guide begged for a good rating in order that he might get more than one day's work per fortnight, it reminded me that Italy is wonderful to visit, but you don't want to live there. Living standards don't seem to have improved since my last visit four years ago while bureaucracy is as chaotic as ever. It's *la dolce vita* only for those who don't need to make a living.

I last visited Ireland in 2011 in the depths of a recession largely caused by the Euro. Reports are that it has turned and I clearly got that feeling in both the cities and towns. A sense of optimism and industriousness pervaded, consumer spending seemed plentiful and public works did not seem delayed. Wedding attendees were sporting tans from summer holidays to Spain while discussing where they bought their new outfits. I noticed though that the number of flight destinations from regional airports had fallen, and [vacant housing developments](#) still stand unoccupied from 2007. Things have come back but there is still excess capacity.

Budapest was a pleasant surprise – much better-kept than I had expected (due in part, I'm told, to EU funding) and full of pleasant, well-dressed people going about their business. I noticed this also in Malta (lowest unemployment rate in the EU) and I think of it as the Hong Kong approach – a general industriousness and focus on getting wealthier. No interest, let alone time for, Western political indulgences such as "micro-aggressions" or "safe spaces". Who wants to be a victim when you can get wealthy?

The UK was a mix. Of course, Brexit did not deliver the apocalypse the likes of [David Cameron dishonestly predicted](#); in fact a number of [big investments and industrial projects](#) have been announced, 27 countries representing two thirds of the global economy [want trade deals with the UK](#), and a sense of purpose and optimism is detectable. I lived in the UK during the depths of the GFC and optimism has clearly risen since.

The glass, however, is only half-full. The Bank of England's quantitative easing did nothing to stimulate the real economy and wages appear to have largely stagnated. Speaking to people, their lives seemed little improved in the last four years. Recent rises in employment have been almost entirely in casual and part-time work. No reform of the welfare state has occurred, while the number living off it has increased. During working hours, the streets were busy with recent migrants who were clearly not making a net economic contribution. Even in upmarket West London, street-drinking and anti-social behaviour abounded from people who could have applied themselves in productive ways; even those minding their own business were clearly net beneficiaries of the tax system. Why Britain should choose to tolerate this is beyond me, but hopefully, once unshackled from the European Union, it will focus its migration policies on those who can (and wish to) make a clear net contribution to Britain.

As ever, Europe (and Britain) is a wonderful place to visit, but the economic and political stagnation are readily felt. That part of the world can be as wealthy and productive as it wants to be; it is a tragedy, particularly for the young, that the absent political will in the EU and national political classes causes the continent to eschew its full potential.