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Turbulent Europe: causes, scenarios and remedies

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European integration has been an enormous success since its inception in the Treaty of Rome in 1957. For the successive five decades member states of the European Union (EU) have enjoyed an unprecedented peace and prosperity. But now this legacy is being questioned and the EU fell out of grace with the public. The Brexit referendum has been the last manifestation of the European malaise. What went wrong and why?

Some commentators point to misguided policies of handling the Euro-crisis; they made the Union look stingy, rigid and oppressive. Other pundits complain about the EU imperfect institutions; they are complex, sluggish, and hostage to member-states veto. Yet others point to a poor leadership within the EU. Presidents of European bodies are particularly uncharismatic figures. Leaders of the most powerful member-states are chiefly interested in enhancing their parochial national interests.

These are all important factors causing undermining the EU's popularity, but let me suggest that the roots of the EU's downfall are much deeper. Three "revolutions" have shaken the foundations of the European system some 25 years ago and the EU was unable to cope effectively with their impact.

The first revolution was geopolitical: the Berlin wall fell down leading to a resurgence of territorial power politics. The Soviet Union and Yugoslavia have disintegrated, Germany has been reunited, while France and Great Britain have found themselves in a limbo. Territorial reshuffling produced new states, autonomous enclaves, semi protectorates and "shared" neighbourhoods. The politics of recrimination and violent conflict was part of this process as manifested by the horrors of Sarajevo or Srebrenica. The EU tried to grapple with the geopolitical revolution by its policy of enlargement. Eleven post-communist states have been admitted to the Union; their economies begun to boom while their democracies begun to mature as a consequence. However, admitting numerous new and often poor states put pressure on the EU labour markets and institutions. Enlargement has subsequently been put on halt leaving many unstable EU neighbours on the mercy of local and external predators. The EU was unable to respond to European aspirations of either Moldova or Georgia

making them an easy target of Russian nationalists. The current developments in the Ukraine should be seen in the same context. The EU lacks military means to engage in the “hybrid war” instigated by Russia, and it lacks the political will and institutional capacity to make Ukraine safe through the EU membership. Instability on the EU’s borders causes political anxieties and undermines business confidence which leads us to another powerful revolution in the field of economics.

The economic revolution was prompted by the raise of global firms imposing significant constraints on government’s ability to run their social policies. Some experts talk about globalization or Americanization here, while others talk about a neo-liberal ideological turn. Empirically the economic revolution manifested itself in a surge of deregulation, marketization, privatization and cuts to public schools, hospitals and environmental protection. Governments contemplating taxing financial transactions or defending certain workers’ rights were told that businesses will move abroad. They were urged to promote competitiveness and leave redistribution to the markets. They were asked to facilitate growth of the private sector and reduce the size of the public sector. This could not but create a legitimacy problem for the EU. European integration was not only intended to create the most competitive economy in the world; it was also to make the “Stockholm consensus” prevail over the “Washington consensus,” not just in the north, but also in the east and south of Europe. Functional and generous welfare state was Europe’s global brand to be defended against unregulated, unpredictable and greedy markets. However, the EU failed to live up to these expectations and instead it embraced the neoliberal agenda of deregulation, marketization and privatization. The EU was given extensive powers in the field of business competition, but only symbolic ones in the field of social policies. The EU is in charge of implementing a harsh austerity policy, but it has no means to alleviate the social implications resulting from these harsh policies. No wonder that a large part of Europeans, especially those unemployed, see the EU as an agent of multinational banks or German industrialists and vote for anti-European xenophobes and populists.

The third revolution was prompted by the arrival of the Internet. Digital forms of communication have created opportunities utilized unevenly by different actors. The EU was slow in adjusting to the new digital world and unable to benefit from it. For instance, the EU employed internet as a traditional propaganda tool, and not as a means of empowering its citizens. Social

networks spread outside the EU leaving Brussels increasingly isolated and exposed to criticism. Despite the internet the EU remained a basically non-transparent organization where deals are being made secretly by unidentified people with no intention to engage in a meaningful on-line democratic discourse with the electorate. Failure to use internet for testing new forms of democracy is particularly puzzling given the EU's opaque parliamentary representation. The EU also sided with the corporate interests trying to curb citizens' access to the internet. The European Commission pushed through the so called ACTA (the Anti-Counterfeiting Trade Agreement) only to be faced with thousands of angry young Europeans protesting against it. The EU also failed to embrace the greatest winners of the digital revolution, namely European mega-cities or the Informational Cities, to use Manuel Castells' term. Cities such as Paris, Hamburg, London, Milan or Stockholm were able to utilize the new means of communication for creating trans-border networks of financial, technological and intellectual flows. These successful cities have not been given access to the EU decision-making and resources. The EU is still run by states, however small and dysfunctional.

The current status quo in Europe is not sustainable. The EU insists that traditional nation-states (with their armies) control Brussels, but when faced with a resurgent Russia the EU is unable to offer citizens guarantees of security. The EU demands austerity and prohibits central bank interventions, but it does not protect citizens from unregulated markets and tames the rise of inequality within and across member-states. The EU prevents parliaments from taking sovereign decisions and ejects democratically elected politicians, but it does not search for novel ways of involving citizens in its deliberations and decisions. One does not need much imagination to conclude that the EU will either reinvent itself or perish. Reforming the EU will not do.

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