

JOURNAL OF DEMOCRACY

October 2012, Volume 23, Number 4 \$12.00



The Opening in Burma

Larry Diamond ■ *Hkun Htun Oo* ■ *Min Ko Naing*
Mary Callahan ■ *Min Zin & Brian Joseph*

Media and Democracy: The Long View

Marc F. Plattner

Mark Tessler et al. on Arab Public Opinion

Pierre Hassner on “Politics in Crisis”

Sean L. Yom & F. Gregory Gause III on Arab Monarchies

Lise Morjé Howard on Ethnocracy

Christopher Walker on the New Authoritarians

European Disintegration?

Ivan Krastev ■ *João Carlos Espada* ■ *Sheri Berman* ■ *Jan Zielonka*
Alexander Graf Lambsdorff ■ *Philippe C. Schmitter* ■ *Loukas Tsoukalis*

European Disintegration?

A FRAYING UNION

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Europe is in trouble. The risk that the EU will disintegrate is more than a scare story that politicians are using to force austerity measures on unhappy voters. It is a clear and present danger. The notion that the EU cannot fall apart because this would cost too much offers weak reassurance. The Habsburg, Soviet, and Yugoslav experiences suggest that the high economic (and other) costs of disintegration are not enough to keep it from happening. Nor does the scarcity of strong feeling against the EU provide much solace. The EU's disintegration need not be the result of a victory by anti-EU forces over pro-EU forces. If it happens, it will probably be an unintended consequence of the Union's paralysis, compounded by the elites' misreading of national political dynamics.

The very foundations on which the Union was built are eroding. Shared memories of the Second World War have faded away—half of 15- and 16-year-olds in German high schools do not know that Hitler was a dictator, while a third believe that he protected human rights.¹ The collapse of the Soviet Union has stripped away European unity's geopolitical rationale. The democratic welfare state that was at the heart of the postwar political consensus is under siege by, among other things, sheer demographics. And the prosperity that bolstered the European project's political legitimacy is vanishing.

The financial crisis has sharply reduced the life expectancy of governments, regardless of their political color, and has opened the way for the rise of populist and protest parties. The public mood can best be described as a combination of pessimism and anger, and

unavoidable budget cuts are likely to increase political and social instability.²

The new mood of anxiety and uncertainty is reflected in the most recent “Future of Europe” survey, funded by the European Commission and published in April 2012.³ Although the majority of Europeans agree that the EU is a good place to live, the survey shows that their confidence in the economic performance of the Union and its capacity to play a major role in global politics has declined. More than six in ten Europeans believe that the lives of their children will be harder than their own. Even more troubling, almost 90 percent of Europeans see a big gap between what the public wants and what governments do.

For the first time since the European project was set in motion after 1945, the objectives of “ever closer union” and “deeper democracy” are at odds.

Once we acknowledge that disintegration is a “thinkable” option, it becomes important to grasp what “the collapse of the Union” would mean. In the case of the Habsburg Empire, the Soviet Union, and Yugoslavia, collapse meant that a state disappeared from the map and many new states came into being. But the EU is not a state, and even if it collapses, maps would look the same. Moreover, the EU’s disintegration would not necessarily mean that its member states would cease to be market-based democracies, or that all forms of cooperation among European countries—including even some common institutions—would disappear.

How, then, can the “disintegration” of the Union be defined or conceptualized? Would the departure of just one country from the eurozone or from the EU itself amount to “disintegration”? Or would the key indicator be the reversal of some major achievements of European integration (such as ending the free movement of people or abolishing the European Court of Justice)? Will the breakup of the euro signal the end of the EU or simply a return to the situation that preceded the adoption of the common currency? It is still too early to predict how the EU’s disintegration will end up or just how far it will reach, but it is certain that the current status quo cannot be sustained.

In twentieth-century Europe, imperial disintegration took the form of nondemocratic empires being destroyed by democratic mobilizations on the part of their subjects. Democrats were the ones who destroyed empires while the liberals tried to save and reform them. In 1848, liberals and nationalists had been allies within the Habsburg Empire, united in their shared opposition to the authoritarian (but not specifically ethnic) center. By 1918, they had become each other’s enemies. In 1848, both democrats (most of whom were also nationalists) and liberals insisted that the people should decide. In 1918, the

liberals were scared by the prospect of popular democracy. As Ernest Gellner wrote:

In the end, virtually all “ethnics,” including even or especially the German speakers, turned against the center, which however dynastic and traditional, was finally only able to rely on the support of the new men: the commercial, industrial, academic and professional meritocrats, interested in maintaining an open market of goods, men and ideas and universalistic open society.⁴

In the cases of the Soviet Union and Tito’s Yugoslavia, communist federations fell victim not only to their own structural weaknesses but to explosions of popular national and democratic aspirations. In short, people’s enthusiasm for democracy was a major reason for the disintegration of European empires.

The EU’s current crisis is a very different matter. For it involves a “democratic empire,” a voluntary quasi-federation of democratic states wherein citizens’ rights and freedoms are guaranteed, and which none but democracies may join, but where people are disillusioned with democracy. The latest “future of Europe” survey indicates that only a third of Europeans feel that their vote counts at the EU level, and only 18 percent of Italians and 15 percent of Greeks believe that their votes count even in their own country.

For the first time since the European project was set in motion after 1945, the objectives of “ever closer union” and “deeper democracy” are at odds. At present, a political union capable of backing the euro with a common fiscal policy cannot be achieved as long as EU member states remain fully democratic, for their citizens will not support it. On the other hand, the breakup of the common currency could lead to the breakup of the Union, and there is also a risk of a domestic democratic breakdown in some countries of the East and South, especially Hungary, Romania, and Greece. Facing the choice of restricting democracy in order to save the euro or permitting the collapse of the euro with an uncertain prospect for democratic renewal, Europeans are once again forced to choose between the lesser of two evils.

Contrary to the expectations of some democratic theorists, the EU will not collapse because of the “democratic deficit” of European institutions. Nor will it be saved by the democratic mobilization of civil society. Paradoxically, it is widespread disillusionment with democracy—the shared belief that national governments are powerless in the face of global markets—that may be the best hope for reconciling the growing tension between the goal of further European integration and the goal of deepening democracy in Europe.

Yet it would be unwise to expect that such “democratic exhaustion” can save the European project. For the nature of the disillusionment with democracy differs substantially across the continent, especially between

the fiscally sound North (Austria, Finland, Germany, and the Netherlands) and the indebted South (Greece, Italy, Portugal, and Spain). Disillusionment with politics in societies on the Southern “periphery” may diminish their reluctance to delegate more powers to the European center, but it will not prevent a political backlash against austerity policies imposed by the Northern “center.” Moreover, the continuing trust in national democratic institutions on the part of the voters of the European North will probably make them unwilling to accept political union.

Can the East Be a Model for the South?

A couple of decades ago, at the outset of the postcommunist transitions, German sociologist Claus Offe formulated a transition “trilemma” that disturbed the sleep of political theorists. According to Offe’s analysis, the objectives of democracy-building, capitalism-building, and state-building clashed with one another. While free markets and competitive politics have historically strengthened each other and might be thought to have “elective affinities,” Offe claimed that the political and the economic reforms needed to transform East European societies ran counter to each other: How you can give the people the power to vote as they please and then expect them to choose policies that will lead (at least initially) to higher prices, higher unemployment, and increased social inequality? In Offe’s view, “a market economy is set in motion only under pre-democratic conditions.”⁵ In short, post-communist Central and Eastern Europe was doomed to choose between democratic socialism and authoritarian capitalism.

Happily enough, bumblebees can fly, and sometimes what does not seem as if it will work in theory in fact works in practice. Central and Eastern Europe succeeded in making the simultaneous transition to markets and democracy (although its success was more problematic than is usually believed). And it is the transition experience of Central and Eastern Europe that to a great extent shapes Germany’s policy thinking with respect to the current European crisis. The examples of Poland and the former East Germany in the 1990s, rather than that of the Weimar Republic in the 1930s, account for Berlin’s strong belief that austerity can be implemented even when people freely elect their governments.

The Central and East European experience convinced German policy makers that painful economic reforms, amounting to the de facto dismantling of the welfare state, can be achieved without provoking a populist backlash, and that outside intervention in the domestic politics of sovereign countries can result not in the delegitimation of national democratic institutions but in their becoming stronger. Germany’s reform agenda for today’s Europe can be summarized as “doing in the South what we succeeded in doing in the East.” The irony of the situation is that while in the early 1990s the Spanish transition was the model

for democratization in Poland, in 2012 Poland has become the model for the transformation of Spain and Italy.

In short, the viability of the reform agenda depends on how universal the Central and East European transition experience was. But several factors make “transforming the South in the manner of the East” a risky strategy. The intellectual, ideological, and psychological context has dramatically changed since the 1990s, and the success of those earlier transitions rested on several underpinnings that are absent in the current context.

The first of these was the strong negative consensus with respect to the communist past (it was to be rejected) and the existence (as embodied by the West) of an undisputed model of the reasonably good or “normal” society. Most people, in short, wanted to break with communism and also believed that democracy and capitalism would bring prosperity and a Western style of life. The situation in the South today is very different. Greeks, Italians, and Spaniards all know that their political systems are dysfunctional, but they love their welfare states, and there is no other model of success that they seek to follow. Moreover, Central and East Europeans two decades ago were optimists; Southern Europeans today are profound pessimists. The Greeks are promised that, if the reforms work, their economy will return to precrisis levels in at best a decade or so—not exactly an inspiring prospect.

Central and East European politicians asked their citizens to be patient, pointing to what they would get or were already getting—freedom to travel, a better life, membership in the EU. South European politicians try to scare their voters about what they may lose if they oppose the reform policies. Not surprisingly, scared publics turn out to be angry and unpredictable. Young people were the major winners of reforms in Central and Eastern Europe, but in Southern Europe today the youth are on the short end of the politics of austerity. They have no jobs, their prospects are poor, and their parents have already spent their money by allowing high sovereign debts and other public debts as, in effect, ways of borrowing from later generations. So, unlike the West European students who took to the streets in 1968 to declare that they did not want to live like their parents, South European students now are on the streets claiming that they have the right to live like their parents.

A second important difference between Central and Eastern Europe in the 1990s and Southern Europe today is that the communist legacy proved to be the best ally of radical reforms. In the East, the early 1990s were a surreal time, with trade unions advocating job cuts and former communist parties eager to privatize the economy. There was anger against capitalism among the losers of the transition, but there was neither a party nor even a political language capable of mobilizing their anticapitalist sentiments. Communism had eroded the capacity for collective action along class lines. Any criticism of the market was equated

with nostalgia for communism. Anticommunist counterelites supported the economic reforms because of their ideology, and ex-communist elites supported the reforms because of their interests.

Moreover, the lack of a professional political class turned out to be an advantage for the politics of reform. The first generation of Central and East European reformers, unlike democratic politicians in normal circumstances, cared more about making it into the history books than into the next government. The popular longing for a “return to Europe,” strengthened by the power of attraction that the EU exuded, allowed societies to reconcile the redistributive instincts of democracy with the need for patience and long-term vision as a precondition for economic success.

That is not the case in the South, where the struggle for democracy has a long history of being also a struggle against capitalism, and where professional political elites are trying to guide the crisis in a manner that will allow them to stay in office amid an atmosphere of antiestablishment outrage. And in the South, as we noted, there is an alarming lack of optimism.

The systemic nature of the change in Central and Eastern Europe also made it easier for its societies to interpret the interventions of the EU as measures aimed at supporting democracy rather than at restricting the democratic power of the people. Besides, pressure from Brussels was more geopolitically acceptable for the Central and East Europeans than pressure from Berlin is for the South Europeans.

In short, the factors that explain the success of the transitions in Central and Eastern Europe are not present in the South, and it would be wrong to expect that austerity policies will work in the South today in anything like the way they worked in the East. The disillusionment with democracy in places like Italy or Greece may result in low electoral turnout, but it will not produce patience with the reforms.

Asymmetrical Disillusionment

In reflecting on the prospect for “deeper political integration” and digging into the latest Eurobarometer Survey, the analysts of Absolute Strategy Research, a London-based business consultancy, came up with an interesting observation.⁶ Although the European crisis has generated surprisingly little pressure against the euro (a plurality of citizens in each eurozone country has declared trust in the euro), it has led to a dramatic decline of trust in all institutions. When analyzed more closely, however, this decline of trust in institutions has a distinctively different logic at the core than it does on the periphery of the eurozone. Countries on the periphery have totally lost trust in their national institutions and in the capacity of those institutions to bring about change through politics. By contrast, citizens of the countries of the core, although they also

have lost trust in European institutions, have retained some trust in their national institutions. They believe that their voices still matter and that democracy at the national level is still working. It is not surprising, then, that countries which are less satisfied with the way their own democracies work are on the whole more receptive to the idea of having the EU make joint decisions on fiscal policies. At the same time, countries that are more satisfied with their own democracies are reluctant to transfer power to Brussels. The conclusion of the analysts at Absolute Strategy Research is that Germany may find that more opposition to its drive for deeper integration arises in Northern Europe—including among many German voters—than in Southern Europe.

This is not a trivial observation. The lesson of the Soviet and Yugoslav breakups is that the major risk to multinational political structures—in the absence of war or some other cataclysm—comes less from destabilization on the periphery than from revolt at the center. It was Russia's decision to abandon the Union rather than the Baltic republics' longstanding desire to escape from it that determined the fate of the Soviet empire. When the "winners" of integration start to view themselves as its major victims, one can be sure that big trouble is at hand.

As I argued above, it is "dissatisfaction with democracy" that is the critical factor in the current European crisis and sets it apart from the great political disintegrations of the twentieth century. The latter were driven by the longing for national self-determination or for individual freedom, and thus were animated by the promise of democratic politics. In Europe today, however, the promise of politics is broken. Citizens in many European countries, although not attracted by nondemocratic alternatives, are disappointed with the performance of "democracy as they know it." There is a growing consensus that democratic governments are powerless to tame the vagaries of the global market. In recent years there has been a decline in political participation in most European democracies, both old and new. People are less inclined to vote or join political parties, and their trust in democratic institutions has declined. The people least likely to vote come from disadvantaged groups such as immigrants and the poor, who in theory should be most strongly motivated to try to use politics as a way to improve their lives. So, while democracy remains the only game in town, many are beginning to doubt whether it is a game worth playing.

In their efforts to create a political union that can save the common currency and give a new boost to the cause of integration, European leaders are aiming at a radical transformation that would significantly constrain the power of democratic regimes in member states. Europe's democracies, it is true, faced some analogous constraints during the days of the Cold War, when decisions on foreign and security policies were effectively taken out of the electoral process. Voters could change governments but they could not change geopolitical alliances—that is why

Italy's powerful Communist Party never became part of a governing coalition before 1989. What European leaders are trying to sell to their publics today is a different version of "constrained democracy," one in which economic decisions are taken out of electoral politics. Voters would be able to change governments but not economic policies.

European leaders tend to believe that constraining democracy in this fashion is the only way to guarantee the survival of the euro and prevent the disintegration of the Union. They could be right about this. But the critical question is whether it is possible to have a functioning democracy where voters are unable to make any significant political choices about economic policies, which are largely determined by constitutional provisions and such nonpolitical actors as central banks, international agencies, and transnational corporations. Would a democracy whose hands are tied in this way not be vulnerable to the risk of permanent political and social instability?

NOTES

1. Barbara Ellen, "We Had That Mr. Hitler in History Again, Mum," *Guardian*, 1 July 2012.

2. A study of the political impact of budget cuts in Europe between 1919 and 2009 has demonstrated the link between budget cuts and the escalation of social and political protest. See Jacopo Ponticelli and Hans-Joachim Voth, "Austerity and Anarchy: Budget Cuts and Social Unrest in Europe, 1919–2009," Center for Economic and Policy Research, Discussion Paper 8513, 9 August 2011.

3. "Future of Europe," Special Eurobarometer 379, European Commission, April 2012, available at http://ec.europa.eu/public_opinion/archives/ebs/ebs_379_en.pdf.

4. Ernest Gellner, *Language and Solitude: Wittgenstein, Malinowski and the Habsburg Dilemma* (Cambridge: Cambridge University Press, 1998), 11.

5. Claus Offe, *Varieties of Transition: The East European and East German Experience*, 1st ed. (Cambridge: MIT Press, 1997), 41.

6. "Germany Set to Encounter Northern Europe Opposition," *Absolute Policy Briefing #1*, Absolute Strategy Research, 14 February 2012.