

# The JCMS Annual Review Lecture

## European Crisis, European Solidarity\*

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### Introduction

The past four years have challenged the process of European integration fundamentally. The succession of *JCMS Annual Review* lectures reflect that fact. Vivien Schmidt (2009) focused on the interaction between identity, democracy and economy. Her goal was to assess how well the European Union (EU) could cope with the challenges it confronted. Her conclusion was that European institutions must adopt more flexible decision-making procedures (and a more flexible identity) if they are to traverse this period of uncertainty with their legitimacy intact. Writing a year later, Kalypso Nicolaïdis reinforced the call for sustainable integration. Her vision of a new European Union (EU 2.0) is one that accepts a ‘narrative diversity’ that goes even beyond the flexibility advocated by Schmidt (Nicolaïdis, 2010, p. 47). Like Schmidt, Nicolaïdis called for fundamental reform and decisive action. Finally, Loukas Tsoukalis returned to a question he has wrestled with for many years about ‘the kind of Europe’ Europeans should aspire to live in. He recommended a new division of labour between European institutions and the individual Member States. He warned that ‘we risk losing some of the things that we used to take for granted after many years of integration in Europe’ if our politicians do not rise up to the necessity for decisive action (Tsoukalis, 2011, p. 41).

The problems those observers confronted have not gone away. On the contrary, the turmoil in European sovereign debt markets has renewed speculation about a crisis in European integration. Some, like German Christian Social Union general secretary Alexander Dobrindt, argue that Greece should either embrace reform or exit from the euro;<sup>1</sup> others, like European Council President Herman Van Rompuy, warn that the exit of one country could mean that ‘the euro zone would fall apart. Then the whole union would fall apart’.<sup>2</sup> Van Rompuy was referring to the Netherlands rather than to Greece, but the principle remains the same. If national exchange rates within the euro are not irrevocably fixed, then the eurozone is not a single currency but a fixed exchange rate regime. And if Europe cannot maintain its commitment to the euro, then how can it shore up other core elements of the integration project?

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<sup>1</sup> *RP online*, 1 February 2012. Available at: <<http://www.rp-online.de/politik/eu/csu-general-raet-griechen-zu-euro-aus-1.2693270>>.

<sup>2</sup> *Reuters*, 4 March 2012. Available at: <<http://www.reuters.com/article/2012/03/04/us-eurozone-crisis-vanrompuy-idUSTRE8230B020120304>>.

Then again, this is hardly the first time that voices have expressed concern about the viability of the EU. Indeed, the process of European integration has been under strain since the mid-1990s, when a sharp reversal in economic performance sapped popular enthusiasm and triggered more than a decade of contentious institutional reform debates (Hix, 2008). The EU continued to make progress nonetheless. The introduction of the single currency, the consolidation of the Schengen Area, the enlargement of membership to the countries of central and eastern Europe, and the elaboration of common foreign, security and defence policies are all historic achievements. Enthusiasts may lament that Europe has not gone far enough and critics may complain that it has gone too far; no one can deny, however, that the EU has moved forward since the negotiation of the Maastricht Treaty despite considerable adversity. This is not the first time either. Every decade since the end of World War II has experienced moments that are similar in many respects. Each time, however, the European project has emerged stronger as a consequence. Why should this time be any different?

The question is obvious, at least for those who have been around in Europe for a while, and yet the answer is not. At least part of the problem is that – in contrast to previous decades – there seems to be little room left for the EU to develop. There is no new frontier to bring into the Union and no new project to capture the imagination. Geographically, the existing Member States appear reluctant to expand much beyond the Western Balkans and even there it will be difficult to manage enlargement to Albania, Bosnia, Kosovo and Macedonia – albeit for different reasons. Institutionally, the Member States show little enthusiasm for revisiting the existing treaties or elaborating new frameworks for co-operation. Economically, the Union has few new projects to offer and quite a number of challenges shoring up the single currency and the internal market. Politically, there is more concern with fending off the anti-European agendas of the new radical right than with fostering a common European identity.

This is not to suggest that European integration has reached some sort of stasis or equilibrium. The simmering tensions in Europe's sovereign debt markets and the conflict over macroeconomic policy co-ordination together form the most dramatic illustration of the need for some kind of resolution. The linked challenges of immigration and national border controls are a close second. Enlargements past, present and future – including the Turkish application for membership – offer a third. The EU is not some bicycle that must keep moving to avoid falling over, but Europe's political leaders cannot afford to leave such contentious issues unaddressed either. If progress is defined as problem solving, then Europe's leaders must ultimately choose to drive integration forward or accept that it will move in reverse.

The argument in this article is that this time is different. Europe faces ever-tightening constraints on the possibilities for further integration as a consequence. In that sense, I echo the calls made in this same forum by my immediate predecessors (Schmidt, 2009; Nicolaidis, 2010; Tsoukalis, 2011). Europe's political leadership faces an existential crisis not just for the EU, but for the notion of 'Europe' as a whole. Moreover, for Europe's political leaders to respond effectively to the problems they confront, they will have to give new meaning to the European project.

The article has five sections. The first looks at past moments of tension to show how they were surmounted indirectly rather than head-on. The second uses that experience to develop the notion of solidarity as a concept for bracketing why countries choose to

participate in the European project and for explaining the resilience of Europe writ large. The third describes how European solidarity can break down. The fourth suggests why it may be happening now. The fifth shows that Europe's problems will not go away on their own and so offers some suggestions for a more decisive response.

## I. Progress

When the French parliament voted to table ratification of the European Defence Community in August 1954, Raymond Aron and Daniel Lerner (1956, p. 209) announced the end of the European project. The logic of their argument was compelling. Now that France had turned its back on supranationalism and on the Franco–German relationship, there was little foundation upon which to construct a united Europe. That logic also turned out to be incomplete. Even before Aron and Lerner had the chance to submit their edited volume to the publishers, Europe's leaders were meeting in Messina. Paul-Henri Spaak's report on the common market coincided with the French edition of the book (Aron and Lerner, 1956); the English language edition came alongside the Treaty of Rome (Lerner and Aron, 1957). What is even more ironic is the possibility that the original proposal to form a common market may have been designed to sabotage the European Defence Community (Griffiths and Milward, 1986). If true, then European failure and success were all part of the same game plan.

The 1950s was not the only time that the death of European integration was announced prematurely. The challenge posed by General De Gaulle in the early to mid-1960s is another good illustration. The Fouchet Plan, the British veto and the 'empty chair' each pointed to the reassertion of national primacy against the threat posed by supranational institutions or norms (Hoffmann, 1968). Yet it was premature to discount supranationalism entirely (Parsons, 2003). The early 1960s were also a period of consolidation for the European Court of Justice (ECJ) and a whole new pattern of European jurisprudence (Weiler, 1999). Given how important the ECJ has become over time, it is easier to look back on the Gaullist period as a useful corrective than as a fundamental challenge.

The collapse of the Werner Plan for monetary union in the 1970s is a further illustration. The plan was designed to promote the irrevocable fixing of national exchange rates by the end of the decade. Almost before it began, however, it ran into trouble. Turmoil in the wider Bretton Woods system of fixed but adjustable exchange rates caused the Europeans to accelerate their efforts at monetary integration. Inadvertently, this pre-empted the argument between those who believed countries should have similar economies before forming a common currency and those who believed that having irrevocably fixed exchange rates would force economies to be more similar. Europe's political leaders decided to try to manage their internal exchange rates despite their obvious differences and failed spectacularly. The veteran French diplomat Robert Marjolin (1975, p. 1) commented in surveying the wreckage of their efforts that Europe's economies had never been farther apart. His diagnosis was accurate, but not fatal. Soon thereafter, Europe's leaders pushed for the creation of a more effective exchange rate mechanism which in turn underpinned a more stable European Monetary System.

The pattern of failure either leading or accompanying success can be found in the 1980s and 1990s as well. The fierce debates about the British budgetary question gave way to the 1992 project to complete the single market. The exchange rate crises of the early

1990s were followed by renewed efforts to construct a single currency. German insistence on tightening fiscal discipline with a stability pact soon merged with efforts to promote growth and reduce unemployment through the European employment strategy. Today it is hard to think about Europe without thinking about the internal market and the euro, and it is even harder to imagine that European institutions would not be implicated in the struggle to create jobs and growth.

If there is a deeper structure to this pattern of intertwining success and failure, it is that each time the Member States have arrived at an impasse with one another in one area of integration, they seem to have found some other area where they could promote progress. This is a weak correlation and not a strong causal argument. Whether successful integration breeds further success despite the occasional failure, as in the transactionalist view; or successful integration is necessary to correct failure as in the neofunctionalist approach; or success is essential because the only alternative to integration is failure, as in the European rescue of the nation-state, remains indeterminate. The theories of Karl Deutsch (Deutsch *et al.*, 1957), Ernst Haas (1958) and Alan Milward (1992) are all relevant and different causal mechanisms may operate at different times. The point is simply that integration seems to flow around substantive controversies, leaving some standing and washing others away.

A similar point applies to the composition of membership for different ventures. Although it would be convenient to imagine the Member States moving together in lockstep, they have often responded to conflict by creating exceptions or derogations rather than allow the requirements for consensus or unanimity to act as an obstacle or constraint. Hence the West European Union, the European Monetary System and the Schengen agreement all started outside the formal institutional framework for European integration, they incorporated different countries under different rules, and yet they evolved into the foundations for the common policies toward security, currency and immigration at the core of the European project today. As with the substantive controversies, some of the exceptions to membership remain standing and others have eroded over time.

The resilience of European integration derives from this sub-surface complexity. For there to be a real crisis in European integration, it would not be enough for one or more countries, or one or more projects to come into conflict. Van Rompuy is probably wrong to suggest that a single country exiting the euro would bring down the eurozone or to argue that a collapse of the euro would bring down the EU altogether.<sup>3</sup> Past experience suggests that membership controversies and substantive controversies can be resolved given time. Therefore, something would have to overwhelm the capacity of Europeans to respond flexibly by making exceptions to existing rules or by developing new institutions and relationships. Either countries – meaning, more precisely, national politicians and their electorates – would have to refuse to participate in the complex and adaptive European arrangement or they would have to reject the complex adaptations that make the arrangement attractive to, or viable for, other participants. The bottom line is that the European project will continue so long as Europeans want to participate.

<sup>3</sup> Reuters, 4 March 2012. Available at: <http://www.reuters.com/article/2012/03/04/us-eurozone-crisis-vanrompuy-idUSTRE8230B020120304>.

## II. Solidarity

That last sentence sounds like a bromide but it actually constitutes a significant challenge for analysis. Theories of European integration do not have strong accounts of this underlying 'willingness to participate'. The transactionalists point to cross-cultural affinity; the neofunctionalists have welfare-maximizing rationality; the intergovernmentalists have exogenous, intermediated national interests; the legalists have dispute resolution; and the constructivists have norms and ideas. Each of these accounts holds some measure of the underlying motivation behind why people and governments choose to participate in European projects or to accept the guidance of European institutions. Yet proponents of each theoretical tradition also strive for some measure of supremacy over the rest in explaining the broad pattern of events.

This struggle for supremacy is unfortunate because it means that competing assumptions about the willingness to participate in Europe are confirmed by testing their logical entailments rather than being examined directly. The conflict between neofunctionalism and liberal intergovernmentalism at the start of the 1990s is one illustration; the constructivist assault on liberal intergovernmentalism in the late 1990s and early 2000s is another. For the theorists involved the debate has been absorbing; for others it held only fleeting interest. Hence, the reaction among those analysts with few stakes in the theoretical competition has been to borrow eclectically from different traditions as they move from one problem to the next (Peterson, 2001; Verdun, 2003).

Meanwhile attempts to study the 'willingness to participate' directly have been subsumed within the wider debate about European identity. Unfortunately, there is no obvious mapping from identification with Europe to a willingness to participate in specific European projects. It is possible to reveal correlations between expressions of support or priority for different policy areas or for integration as a whole and assertions of European identity. However, it is more challenging to pin down a causal connection between the different sets of attitudes, to assess its strength and stability, and to rule out the existence of some prior causal influence. In other words, just because people say they support integration and identify themselves as European does not mean that one thing leads to another or that either or both opinions might not suddenly change. Hence some of the best work on identity has tried to isolate individuals or groups most able to experience European integration directly or to map the emergence of a truly European public space (Fligstein, 2008; Risse, 2010). Such arguments build on the logic that individuals with more exposure to Europe should be more willing to participate in European ventures – often following Deutsch's transactionalist tradition – but they do not test that causal link explicitly.

An alternative perspective would start with the logic of participation and then work backward to the willingness of the participants, rather than starting with the identity of the participants and building up to Europe. Such a perspective would necessarily incorporate elements of affinity, rationality, self-interest, dispute resolution, norms and ideas. However, because it would place more emphasis on the nature of the project than on the identity of the participants, it would be easier to build in the possibility that the willingness to participate could vary within the same group of participants from one aspect of integration to the next. In this way, it would be easier to capture why different areas of integration have different exceptions, derogations or patterns of membership.



'Solidarity' is a term that could bracket this alternative perspective on the willingness to participate without stretching the concept beyond its conventional use (Jones, 2005). The dictionary definition includes the existence of shared or complementary interests. That definition obviously touches on notions of 'affinity', 'rationality', 'norms' and all the rest. Concepts like 'sharing', 'complementarity' and 'interests' are all socially constructed even if they rest on objective or material requirements (Searle, 1997). More important, solidarity is functionally specific. The pattern of sharing or complementarity of interests that governments or individuals find in any one domain of integration does not need to resemble the patterns they confront in other aspects of the European project. Hence the composition of acceptable partners could be functionally specific as well.

The kind of solidarity expressed in wartime is a good illustration. The most important interest shared by Great Britain, the Soviet Union and the United States was the need to defeat Nazi Germany. To a lesser extent they also shared an interest in containing Japan. Once the conflict was over, however, this wartime solidarity proved to be a wasting asset. Having vanquished their common enemies, the victorious powers did not share an interest in either economic or political integration. Quite the opposite was in fact the case, and efforts to promote economic integration in Europe led to conflict between the Soviet Union and the west.

Market solidarity has an altogether different logic from the-enemy-of-my-enemy-is-my-friend thinking that gave structure to alliances in World War II. Instead of standing up to a common adversary, everyone has to agree to abide by the same rules for competition. This is not as easy as it sounds. As Karl Polanyi (1957) explained, the rules for market competition contain a wealth of other norms and values. Markets are embedded in a rich social environment and market institutions embody conceptions of 'fairness', 'equity', 'priority' and 'status'. This means that as different societies institutionalize markets domestically, they inadvertently create obstacles or barriers to market competition internationally (Myrdal, 1956). This explains why market solidarity is different at different levels of aggregation, being greater within countries than between them. Acceptance of this reality by the architects of the post-World War II international economic system is essentially what John Gerard Ruggie (1982) described as 'the compromise of embedded liberalism'.

Of course Ruggie was interested in welfare state formation as well as market integration. In that sense, he focused on redistribution as well as competition. Here again, the logic of solidarity is different. Redistributive institutions do not require everyone to abide by the same rules; instead they tend to privilege one part of society at the expense of another. Participants must be willing to accept to play their assigned roles knowing that they may never get as much out of the system as they put into it (Baldwin, 1990). Solidarity in this context hews to subtly different notions of equity, fairness or justice. Hence even countries with very similar market institutions may have very different welfare states, with different notions of inclusiveness, financial underpinnings and expectations in terms of outcomes (Esping-Andersen, 1999).

Once the analysis focuses on the willingness to participate directly, it is easier to understand why the European project is so complicated and how it has proven so resilient. The breakdown of solidarity in any given endeavour need not entail the collapse of solidarity in another. On the contrary, the same countries might decide they do not need a common army after the end of the Korean conflict and after the death of Stalin, but

would be willing to participate in a common market. The fact that these countries all come from Europe does not mean that the two projects are essentially 'European' and it does not mean that European integration hinges on their success or failure either. If anything the two projects are essentially different and neither is more European than the other. The history of European integration includes both. It also includes the Council of Europe, the North Atlantic Treaty Organization (Nato), the Organisation for Economic Co-operation and Development (OECD) and the Organization for Security and Co-operation in Europe (OSCE).

### III. Contagion

By focusing directly on the willingness to participate it is also possible to identify what would constitute a crisis for European integration. The failure of one or more projects by itself is not sufficient. As has often been the case, occasional setbacks either run alongside or anticipate offsetting successes. Instead a crisis of integration requires that otherwise discrete problems spread from one European project to the next. The Gaullist episode provides a good illustration of this dynamic. De Gaulle wanted a common agricultural policy and some measure of foreign policy independence. He also wanted to hold the supranational Commission in check. His success in any or all of these endeavours was not the problem. The real challenge to integration came from the threat his tactics posed to the other activities of the European Economic Community. By pulling his representatives from the Council of Ministers he generalized the conflict. That constituted a real crisis – which the Luxembourg Compromise resolved by giving every country the right to exercise a veto over matters of national interest. In effect, the Luxembourg Compromise eliminated the generalized crisis by ensuring that most future conflicts would be specific (Nicoll, 1984).

The Gaullist institutional challenge is unlikely to be repeated. Although the Luxembourg Compromise no longer operates as it did in the 1960s and 1970s, the norms of consensus that it fostered still dominate deliberations in the Council of the EU (Peterson and Bomberg, 1999, pp. 31–59). This does not eliminate the possibility that conflicts would spill over from one European project to the next. Contagion does not have to be formal or institutional to generate a crisis of integration.

Consider the case of Ireland in the early 2000s. The story starts with a commitment from the Irish government to raise the country's surplus as part of the EU's agreed 'broad economic policy guidelines'. However, the Irish government reneged on that pledge in December 2000 because it was heading toward elections the following March. The Council of Economics and Finance Ministers (Ecofin Council) responded by reprimanding the Irish government in February 2001, sparking a public quarrel between the Council and Irish Taoiseach Bertie Ahern as he headed to the polls. Unfortunately, this spat also coincided with the campaign leading up to the June 2001 Irish referendum on the Nice Treaty – from which Ahern's government was notably absent. When the referendum resulted in a veto, commentators across Europe opined that the Irish resented losing subsidies as a consequence of enlargement and European Commission President Romano Prodi suggested that perhaps the Irish did not understand the referendum question. Neither accusation had merit; both helped poison the debate (Jones, 2002).

It would be possible to extend the Irish example to run from the December 2001 Laeken Declaration to the failed 2005 referendums on the European Constitutional Treaty in France

and the Netherlands, but that would give too much responsibility to the Irish. A more realistic claim is that there were a number of episodes in the early 2000s where conflicts cascaded from one area of integration to another. The epicentre might be the divisions over the war in Iraq, the excessive deficit procedure or the completion of the internal market for services, but the consequences would be felt in terms of EU finances, enlargement, welfare state reform or the ratification of the European Constitutional Treaty (Jones, 2005). A few analysts, like Jeremy Rifkin (2004) or Mark Leonard (2006), chose the moment to write books about how Europe would emerge as a future superpower; many more expressed concern about the depths of the EU's malaise (Hix, 2008; Menon, 2008; Taylor, 2008).

This notion of contagion is what makes the situation in the EU so worrying today. Consider the sovereign debt crisis. The problem is not that Greece is insolvent or that it has defaulted on its debts. Greece is a relatively small country and its total outstanding debt could be financed with common resources that are already available. The real crisis comes from the failure to understand how Greece got that way and to appreciate what are the implications for the rest of Europe if Greece is left to its own fate.

Here it is worth laying out a few threads of the tangled series of events as they unfolded since 2008. The story begins in March when the European Commission noted anomalies in Greek fiscal accounts. This triggered a sudden capital outflow as investors sought to lower their exposure to Greek government debt. A second outflow started in October 2008 as the European Commission required the Greek government to announce a modest upward revision to its deficit figures. Then in January 2009, Standard and Poor's downgraded Greece, citing concern about the quality of the government's accounting practices. This outflow suddenly ended in February at about the same time that German finance minister Peer Steinbrück announced to a group of German businessmen that no eurozone Member State would be allowed to go bankrupt. By May 2009, significant flows of capital started to return and Greek government bond yields moved below those for Ireland. The situation remained stable up to the following October. Once again, the Greek government revised its deficit data upward. This time, however, it did so not once but twice, and in much greater magnitudes than the year prior. The market reaction was counter-intuitive: the yield differential between Greek and German government bonds did not change significantly in October and November; meanwhile capital flowed into Greece, not out (Merler and Pisani-Ferry, 2012).

There are many ways to interpret the market reactions to Greece's October 2009 fiscal revisions. Market actors may have been relieved to put a number on a problem they already knew existed; Greek banks may have sought to repatriate assets held abroad; or the European Central Bank (ECB) may have responded proactively by providing generous access to liquidity for the Greek banking system. Indeed each of these elements may have played a role. What is certain is that investors in Greek sovereign debt markets did not stage a rout. That only happened in the spring of 2010, with the most significant capital outflows following the March European Council summit. Up until then, Greek government bond auctions were hugely oversubscribed. Once Angela Merkel made it clear that Greece could go bankrupt, however, private sector investors in Greek government securities began to look for some way to escape from that exposure. The story ends with the first Greek bail-out in May 2010 (Jones, 2010b).

This narrative is important because it shows the breakdown of solidarity in European sovereign debt markets. In February 2009, the German finance minister was willing to



reassure markets that Greece would not go bankrupt; by March 2010, the German chancellor was not. The design of the first Greek bail-out suggests that Europe's political leaders believed the problems could be contained within Greece. If so, the illusion passed quickly. The potential for contagion to spread across other sovereign debt markets was almost immediately apparent and so the Ecofin Council and the ECB introduced the first elements of a more generalized bail-out.

At this point it is easy to narrate the European sovereign debt crisis as a problem that spread from one country to the next – starting with Greece and then progressing to Ireland, Portugal, Spain and Italy. The more important dynamic, however, is how the crisis spread from sovereign debt markets to banks to government finances. This is the link from Greece to Ireland. Irish sovereign debt was under strain throughout the summer of 2010. However, it was only after the French and the Germans agreed that private sector investors in Greece should absorb some of the costs associated with the Greek sovereign debt bail-out that the pressure on Ireland became unsustainable (BIS, 2010, p. 11). The Irish government was already having difficulty meeting its commitment to bail out the country's larger domestic banks. However, the ECB refused to allow that country to involve the private sector in any losses. Instead, private sector investors in Irish banking securities had to be made whole. This meant that the Irish government had to issue increasing volumes of promissory notes for use as capital in its struggling banks – extending the government's liabilities beyond the point at which the private sector lost confidence in the Irish state (Whelen, 2012, p. 25).

The close interdependence between national governments and national banks played a crucial role in the other countries most affected by the crisis as well. Here the case of Italy is particularly dramatic. Throughout 2010 Italy was a net recipient of capital and a net creditor in the Target2 system that moves liquidity across the eurozone from one country to another (Merler and Pisani-Ferry, 2012, p. 9). Moreover, while Italy's public debt was high its deficit net of debt servicing – the 'primary balance' – showed a higher surplus than any other EU Member State and its conservative banking system seemed less exposed to losses in the United States and elsewhere (Rovelli, 2010). When Europe's leaders began to negotiate a second Greek bail-out in the late spring of 2011 with higher levels of private sector involvement, investors in Italian government debt securities suddenly lost confidence. Given that Italy has the world's third largest sovereign debt market with more than €2 trillion in obligations, even a small risk of insolvency could translate into significant losses. The large exposure of Italian banks to their own government's securities meant they were vulnerable as well. Once money started to flow out of the country, the higher interest rates on government bonds and loss of deposits for domestic banks transformed investors' fears into a self-fulfilling prophecy. Both the Italian government and the major Italian banks experienced successive downgrades, bringing the country to the brink of crisis and leading to the collapse of the centre-right government of Silvio Berlusconi (Jones, 2012).

As Europe's sovereign debt crisis has engulfed ever-larger countries, it has touched on an ever-wider array of European institutions and triggered deep divisions between the Member States. Sometimes the arguments are very technical, like the debate about financial imbalances between central banks in the eurozone that emerged at the height of the Italian crisis only to explode onto the front pages of the financial newspapers in March 2012 at a time when many hoped that the crisis might already have been resolved. Sometimes they are more straightforward, like the conflict between the British government and its European counterparts over the restriction on sovereignty implied by the fiscal

compact or the conflict between the Spanish government and the European Commission over the requirement to meet strict fiscal deficit targets. And sometimes they give the impression that history is repeating itself, like the conflict between the Irish government and the ECB over the re-profiling of Irish promissory notes – which unfortunately took place during the run-up to a popular referendum in Ireland to ratify the fiscal compact.

So far the contagion has spread across countries and institutions. It looks likely to spread across policy domains as well. In part this is due to the centrality of taxing and spending to all European activities. In part it is also due to persistent difference in national interests and priorities. As governments embrace austerity, they will give more protection to some programmes than to others. This creates a significant free-rider problem. The Schengen border controls are a good example. Tunisian migrants that flow into Italy are more likely to speak French than Italian. Hence an Italian government has little interest to throw such migrants into expensive detention centres and considerable interest in helping them cross the Italian peninsula in order to make their way into France. This was true when French President Nicolas Sarkozy confronted Italian Prime Minister Silvio Berlusconi during the early months of 2011, as the political transformation of Tunisia sparked a surge in cross-border migrants, overwhelming the small Italian island of Lampedusa (see Monar in this issue). Both leaders called on their European counterparts for greater assistance. When those calls fell on deaf ears, France temporarily suspended free movement across its Italian border. Less than a year later, Sarkozy threatened to pull France out of Schengen altogether.<sup>4</sup>

#### IV. Timing

The argument that the current crisis threatens to spread across the whole range of European activities is fairly easy to make, although in fairness there are some areas that seem less affected than others. The European employment strategy and the wider Europe 2020 reform process may not stand out as overwhelming achievements, but they continue to rack up important successes at helping to put Europeans back to work and shaping more sustainable welfare state institutions and labour markets. The internal market provides an essential framework for the cross-border trade in goods and services. Educational exchange programmes continue to offer cross-cultural opportunities, albeit perhaps with diminished support. European troops are deployed on large numbers of peacekeeping operations. European diplomats continue to provide post-conflict assistance in Bosnia and Kosovo. And the EU remains a formidable power in global trade negotiations and in efforts to protect the global environment. Hence even if we accept that Europe is facing a real crisis of integration, there are many avenues where Europeans could continue to make progress in solving problems collectively until the crisis passes.

This is where more general measures of popular attitudes toward Europe become important. The basic claim is that where the people are indifferent toward Europe and where they tend not to have trust in European institutions, they will have little motivation to support participation in European projects. Hence it will be up to national political elites to mobilize support for participation in Europe or, at a minimum, to inspire enough confidence to ensure that voters will not reject European policies when given the chance

<sup>4</sup> <http://online.wsj.com/article/SB10001424052702304450004577275313803633368.html>.

to express their opinion at elections to the European Parliament or in national referendums on European questions.

The aggregate data are not reassuring. To begin with, responses to questions about whether membership in the EU is a good thing for the respondent's country and about whether the respondent believes their country benefits from membership point in opposite directions, with fewer respondents saying membership is a 'good thing' for their country than saying that their country benefits from membership. The data for trust in European institutions is less ambiguous. More respondents tend not to trust specific institutions like the European Commission, the European Parliament and the ECB, than tend to trust them, and the gap between those who tend not to trust and those who tend to trust the EU as a whole is larger than for any of the component parts (Eurobarometer, 2011, pp. 19, 21 and annexes).

Of course some of these indicators are overly influenced by the economic context. When economies contract and unemployment rises, the people naturally look for someone to blame – even if only to blame them for not making matters better more quickly. The problem for Europe is that it is so heavily dependent upon its performance for legitimization (Scharpf, 1999). Hence when Europeans experience a worsening of their economic situation, it chips away at their confidence in the EU as well as support for their national governments (Jones, 2009).

The fact that national governments, parliaments and political parties do even worse in public opinion surveys than European institutions is not reassuring either. National political elites need to mobilize support for European institutions or policies. If they lack the confidence of the electorate, then they are likely to invest little effort in driving a distinctly European agenda. Indeed, this seems to be the pattern for public communication about Europe. National politicians take credit for any successes and then displace the blame for effort or failure to the European level (Menon, 2008, p. 224). Silvio Berlusconi's attempts to blame the euro for Italy's sovereign debt crisis are a good example. While Berlusconi walked back his comments in the face of general outrage that he would say something potentially so destabilizing for the markets, it was only a short while before he came back to reassert that the crisis was not his fault but Europe's (Jones, 2012, pp. 100–1).

The point here is not that national political elites are always abusive of European integration. Rather it is that they lack credibility in general and so it is no wonder that they lack credibility when making the case for Europe. Here it is important to separate out three different dynamics, related to the audience, the messengers and the message. The challenge with the European audience is easy to anticipate. Since the late 1950s, political scientists have noted how much more independent and less strongly connected European voters are to their politicians. The process of political transformation was uneven across countries and it had different implications for different electoral and party systems. But by the start of the 21st century it was probably safe to conclude that the challenges facing politicians in turning out and influencing the voters were everywhere greater than they had been in the past. The politicians themselves were also different. They came from different social groups and equipped with different party apparatuses. They also had to deal with different types of media and a much faster pattern of communication. Again, the process has been uneven. Again it is clear that the situation everywhere has changed.

These first two points are easily grasped because they play prominent roles in any introduction to a comparative politics course. The transformation of the message is also

not difficult to anticipate. As the EU has become more prominent, more varied and more expansive, it has also become much harder to explain (Menon, 2008). The winners and losers from integration have become more difficult to identify and compensate (Tsoukalis, 2005). And the old slogans for selling the project have ceased to bear much relation to the underlying reality (Jones, 2010a).

The three factors come together in the recent growth in popularity of new radical right-wing parties. The variety of such movements is impressive (Mudde, 2007). Newer movements like the True Finns, the Sweden Democrats or the Dutch Party of Freedom have little enough in common with each other, let alone with more established groups like the Austrian Freedom Party, the French National Front or the Italian Northern League. Yet all such parties draw strength from widespread voter disaffection with traditional governing elites and they share a general scepticism toward European integration and toward globalization more generally. Moreover, the leaders of these new radical right-wing parties are willing to make use of Europe as a political issue if that is likely to bring them more votes at the polls. As they gain in national importance either by participating in governing coalitions or propping up minority governments, they change the tenor of relations across Member States as well as between the Member States and the institutions of Europe.

Even where new radical right-wing parties do not gain power, they influence the debate by pulling otherwise mainstream parties toward political positions more sceptical of European integration. This is as true in the newer Member States as it is in the older ones. The point is not that European issues will always dominate in domestic politics. In the 2011 parliamentary elections in Slovenia, for instance, European issues were notably absent (Haughton and Krašovec, forthcoming). Nevertheless, given the fluidity of politics in central and eastern Europe, the emergence of new radical right-wing populists may prove to be increasingly important.

The combination of these factors goes a long way to explain the timing of the current crisis in integration. The collapse of the bubble in American sub-prime mortgage markets created the disturbance, but the EU was already fragile. European integration has been struggling off and on since the early 1990s, when the Danish veto of the Maastricht Treaty and the narrowly fought French referendum first punctured the euphoria surrounding the process. It almost faltered during the final stages of the intergovernmental conference that produced the European Constitutional Treaty and then again when the French and the Dutch overwhelmingly rejected ratification of the Treaty document. The question is whether Europe retains enough resilience to weather this most recent shock.

## V. Prospects

The economic data do not suggest that Europe's problems will go away quickly. On the contrary, recent estimates point to a long period of slow growth alongside a sharp divergence in performance between those countries on the periphery that have been most adversely affected by the crisis and Germany (OECD, 2012). There are a few relatively bright patches in Poland and Scandinavia, but there are also dark clouds over the United Kingdom, Hungary and the eastern Balkans (see the contributions by Hodson and Connolly in this issue). Such uneven growth is not going to promote greater solidarity in Europe, whether distributive, competitive or otherwise. Instead it is likely to underscore the real differences between countries both in terms of their national interests and in

relation to the EU as a whole. These are the conditions that promote disintegration and not integration (Myrdal, 1956).

The collapse of the Soviet bloc provides a cautionary illustration. The point here is not to imply that the EU and the Soviet empire are moral or political equivalents, but only that the dynamics of Soviet disintegration are suggestive. During a long period of economic stagnation, the different countries in the empire each sought to maximize its net benefits within the system in order to position itself more favourably *vis-à-vis* the outside world. Indeed, they continued to negotiate over subsidies even as communism collapsed around them (Stone, 1996). Meanwhile, elites at the core of the Soviet system sought to escape from constraining inefficiencies. They began to challenge the fundamental tenets of communism. And they looked for points of leverage. Allowing the countries of central and eastern Europe to leave the Soviet bloc was the first major step in this process. Extracting Russia from the Soviet Union was the last (Kotkin and Gross, 2009). In the denouement, however, something curious happened. Some countries fled the former Soviet Union, some countries vacillated and others sought to recapture at least something of what they had lost. What is interesting here is that the situation was not more obvious. Whatever the evils of Soviet communism as an ideology of empire, some countries remained willing to participate in post-Soviet forms of integration (Abdelal, 2001).

It goes without saying that the EU should be what the Soviet bloc was not. It should be open, efficient, prosperous and representative. It also goes without saying that the EU tries to do all these things. Although it cannot enlarge indefinitely, it has engaged in an ambitious programme to increase membership. It has emphasized market efficiency from the start. It has contributed substantially to Member State growth. And – whether through the Member States or via the European Parliament – it is representative. There is, however, one further point of difference that deserves more emphasis. Where the Soviet Union gained its top-down legitimacy through the promotion of communist ideology, the EU should strive to be less monolithic. That is what the campaign for ‘unity with diversity’ was supposed to be about. That message needs to be strengthened.

If the EU is going to survive the current crisis it will need to stop its officials from insisting that a problem in any one aspect of European integration is potentially fatal for the whole. On the contrary, it should put out the message that European solidarity exists in many different patterns across many different domains of integration. And it should strengthen the norms and institutions that prevent problems in one area from spilling over into all the others. This will be challenging because it will call for action in many different directions. It will require some acceptance of spillover and some intergovernmental bargaining; there will be new rules, norms and policy frameworks as well. It will be deliberative, consensual, complicated and, during the implementation at least, it will be inefficient.

This conception of Europe will be hard to sell – for the messengers and not for the audience. European officials will have to give up their monopoly over and ideological commitment to the notion of a monolithic ‘Europe’ (Schmidt, 2009; Nicolaïdis, 2010). Instead, they will have to admit that Europe means different things to different participants in different projects. Moreover, they will have to extend that European identity to projects outside the formal boundaries of the EU itself. Again, organizations like the Council of Europe, Nato, the OECD and the OSCE are a part of Europe as well. Meanwhile, national officials will have to take responsibility for their participation in specific projects rather



than hiding behind or deflecting blame on the EU as a whole. This will be a challenge of a different sort. Where European officials must surrender their cherished commitment, national officials will have to show courage.

The alternative is not that the EU will veer into disaster. So far as European crises go, this one is still too early to tell. Moreover, the European project has a tremendous track record for resilience even under the worst circumstances. We can recognize that it faces a crisis at the moment, but that is no reason to discount it altogether. Still it is worth bearing in mind that European integration is not an inevitable process. Despite its long record of success, the EU can also fail. Europe's leaders will have to do something to prevent that from happening. Nathaniel Copsey and Tim Haughton (2011, p. 4) argued in their editorial to the 2010 *Annual Review* that the essential ingredient is 'political will'. That remains true. This crisis will not resolve itself.

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