

A Europe unifying in the midst of 21st century challenges*

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Anthony Giddens Turbulent and Mighty Continent – What Future for Europe?

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The author, *Anthony Giddens*, is Director of the London School of Economics, member of the House of Lords and Fellow of the prestigious King's College. Several of his works have also been published in Hungarian, including a book on general sociology, political essays on globalisation and papers on the once influential concept of "Progressive Governance" known as "The Third Way". This book is close to the latter in spirit: it is a political essay on the current situation, future prospects, external and internal relations of the EU – focused on political, economic and environmental aspects. It is interesting to gain insight into the viewpoint of the British centre-left, a vision that offers an alternative of further integration and staying in the EU, while the ruling conservatives and the radical opposition, fuelled by hostility towards the EU, are taking stock of the exit options.

Focusing on the welfare model and the aspects of economic, social, environmental and international policy, the book attempts to pinpoint the potential benefits a "new Europe" may hold for Member States, including the United Kingdom, as an alternative to national separation. In the author's opinion, the previously successful EU models and trends need to be revised; the UK and other eurosceptics should be offered a "pro-Europe programme".

* The views expressed in this paper are those of the author(s) and do not necessarily reflect the official view of the Magyar Nemzeti Bank.

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By the 60th anniversary of *Churchill's* famous speech in Zurich the EU had been established, the Cold War was over, Germany was united once again, and many of EU Member States had adopted the euro as the single currency. All these achievements, however, have created new problems and have drawn sharp criticism over the years, and by now the Eurozone is struggling to preserve the single currency. This is the starting point of *Giddens'* formula.

The title of the book itself is a reference to the author's assessment of the current situation: while Europe is not as mighty as before, it is burdened with turbulent conflicts again. It faces rising unemployment (especially among the youth), a debt crisis and a growing gap between the Northern and the Southern regions of the continent. Support for the EU deteriorated sharply in the wake of the crisis with anti-EU demonstrations and protests taking place in numerous Member States. The patriotism of a common European identity has failed to materialise. All of these developments have given rise to general scepticism.

Giddens asserts that the European Union suffers from a democratic deficit and a lack of effective leadership. Citizens have little contribution to the activities of the institutions. EU elections are mostly focused on national issues and are held with limited citizen participation. According to surveys, the legitimacy of the EU is very poor today.

In order to find a way out of the crisis, the EU needs far-reaching decisions with potentially severe consequences, and such decisions usually result in shocks across the European Union. Indeed, there are two parallel structures in the EU's decision-making practice: "EU1", a formalised system, and "EU2", a more informal decision-making structure of the selected few with actual power. The formal and informal operation of the EU represents two separate structures, with the latter being the truly influential. EU2 is the de-facto driver of Europe with the German Chancellor, the French Prime Minister and the heads of the European Central Bank and the International Monetary Fund at the helm. Only the European Commission and the European Council have some influence in the decisions. Lately, however, we simply refer to the "Troika", but *Giddens* believes, that the real power is vested in Madame *Merkel*.

Besides EU1 and EU2, a third model has emerged: the "Paper Europe" consisting of the future plans, various scenarios and similar projects compiled by various bodies of the EU. However, there are no real tools for their implementation, which undermines the credibility of the EU both inside and outside of the Union.

There are two simultaneous trends in progress in the EU: division and conflicts on the one side and integration on the other. During the crisis the European Union became a community of fate – unprecedented before – as political leaders and citizens began to recognise their interdependence. For the first time in history, the EU acquired a political space. This transformation, according to *Giddens*, is irreversible.

Do these changes imply a positive or a negative scenario for the EU? A positive outcome would be the institutionalisation of an EU-level leadership with a democratic mandate, and creating a spirit of solidarity towards the EU as a whole, not just towards the nations comprising it. The formation of European patriotism and citizenship is a potential scenario that may help the EU break out of its current predicament.

Giddens asserts that the core of the EU is an independent Eurozone, the implementation of which, however, has become the root of crises and social conflicts. Indeed, the economic discipline and the relevant financial mechanisms that should have been in place from the start were introduced by the Member States only for fear of further problems. Innovations required were implemented by EU2 always with the approval of Germany. It appears that Germany has finally achieved by peaceful means what it had failed to accomplish with military force: control over Europe. This, however, is a disturbing thought for many.

The author calls for a new vision for Europe, one that should be created with the active involvement of citizens. This should start in the Eurozone, but all other Member States should be given a role. Comprehensive, structural reforms are needed not only in countries with poor performance, but EU-wide. The creation of a Banking Union is indispensable for the protection of the single currency, and certain economic policy decisions of the Eurozone countries should be assigned to joint organisations. This requires the acceptance of reciprocity and shared responsibility, and should this effort fail, all steps taken towards integration would be lost.

The system of economic relations has no way forward without further political integration, believes *Giddens*. The solution is to create a federal system in the foreseeable future. This outlook is rather provocative to euroscepticists. Anti-federalism is based on the fear of losing national sovereignty. The EU, however, should not take away further elements of national sovereignty; it should build on an entirely new level, one that the author terms “sovereignty+”. Through coordination EU Member States can achieve a higher degree of influence collectively than they would enjoy individually; thus each individual Member State may become net winner of this process. The EU may play a significant role in global politics, reaching far beyond the potentials of the individual Member States. This may grow into global influence, which may exploit its potential when traditional international institutions are hit by a crisis. For now, international politics are controlled by a handful of influential states, where the voice of a fragmented Europe can be hardly heard.

Giddens argues that the EU may be in the position to facilitate the collective economic development of its Member States. Before the financial crisis, this had its own dynamics, an economic unit – larger than the US – was created, which was able to sign trade agreements that its member states would not have been able to conclude individually. The author envisages an imminent economic reconstruction in Europe. If the Eurozone became an arena of economic growth once again, the attitude of citizens towards the Union would also change, states *Giddens*.

As regards international relations, the EU cannot escape from exercising power, which also includes military power. Of course, this should not be either the rule of Kant's "good power" or Hobbes' "unrestricted power". The international system today is not based on an equilibrium of powers, but on the overlapping system of diverse cooperation networks between states and groups of states, and this design inevitably entails tensions and divisions. The traditional European notion of peace through negotiations and regulations still holds true, believes the author. In practice, however, peace in Europe is either based on US interventions or ensured by NATO. In this regard, the EU should strive to become a "more equal" partner to the US, at least as far as the ongoing operations in the European Union and its environment are concerned.

Giddens notes that a federal system in the EU would not only be a new international political experiment, but could have an impact on the entire world. We were wrong to believe that the EU could become a forerunner of global governance without states. Exit from the EU and Eurozone membership cannot be a viable choice in a union as globally integrated as the EU. The EU must take a course of joint development.

As regards the future of the single currency, the collapse of the euro would give rise to severe economic problems throughout the EU and the rest of the world. The protection of the euro is key to the progress toward greater economic integration. This requires a thorough reform of the EU institutions, as EU2 is capable of managing crisis, but is not able to ensure permanent governance. If the euro prevails, besides the US and China, the EU may also play a role in re-shaping global economy. The Union is far more capable of handling crisis phenomena than its individual Member States. Change should be geared towards a more uniform and democratic system across the EU. A more integrated Union might become a global power, and the EU still has the opportunity to correct the mistakes of the past, concludes *Giddens*.