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Expert Comment

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The 2019 European elections: Europe at a crossroads

Alfred Gusenbauer

An old friend once described the recurring dilemma of the European Union with the phrase, “the EU represents the nationalisation of success and the Europeanisation of problems”. With contemporary Europe in view, this seems quite an accurate description. Of course, the situation differs between larger and smaller member states, but taken together, there are some frightening aspects to the crossroads at which the continent finds itself.

Warning signs

Perhaps most prominently, there is Brexit. There have been and will continue to be political casualties within the UK itself, and the EU’s ongoing relationship with its soon-to-be ex-second biggest economy will take time to regain a sense of order.

Spain is experiencing a fundamental crisis over the issue of Catalan independence. Some imagined that a more diligent mastering of the issue could have brought the country back to normality sooner but the regional elections in Andalucía showed that the crisis is much deeper than originally thought. It seems that any readiness from the Spanish government to resolve its problems with the Catalan separatists based on mutual understanding is also receiving broad-based resistance throughout other parts of the country. The success of Vox, the far-right party which took 12 places in the 109-seat Andalucían regional parliament in December 2018, was partly due to its approach to Spanish identity. It even called for the abolition of regional parliaments and regional governments; i.e., doing away with the devolution that has accompanied the history of

Spanish democracy since the mid-1970s. That such an idea finds such significant support is, in my view, an expression of Spain's deep constitutional crisis.

In Italy, some see the Five Star Movement as breaking up the political system, but I would like to underline a significant contrast between what is occurring in Italy and what is taking place in France. The Five Star Movement is led by a recognised leadership and as such, is a top-down movement; it can therefore be integrated into the existing political system. There is a different majority shaping the government but the political system has actually been maintained. The major difference between Italy and France is that the yellow vests are not a top down movement but a bottom up movement, without any visible leadership with whom one could negotiate solutions.

The question for a movement that fundamentally challenges the political order like this is 'where will it lead?' Will it come to a halt on the basis of more generous proposals from the French president? Or are people just so profoundly frustrated that they see President Macron as simply unable to grant the successes they seek? Could this end up in votes for the National Rally (previously the National Front) and Madame Le Pen in order to advance more fundamental objections to the political system? Could we even witness new expressions of an old phenomenon, recalling memories of 1960s Italy?

The 1968 movement in Italy was a movement without political leadership and was also a broad-based, bottom-up movement. Frustration on its margins led to the existence of the terrorist Red Brigades and violence throughout the 1970s and early 1980s. Therefore, we can't exclude the possibility of social movements disappearing for a time only to violently re-emerge on the margins of society, either because they don't want to participate in the political system or because they are unable change the political system through conventional structures.

Returning to present-day Italy, the ongoing struggle with the EU over budgetary limits seems to have been aided by the fact that France may also represent a challenge for the Commission over the same issue.

In Poland, interesting developments show that even though 85% of the population are ardent Europeans, at the same time we are confronted with one of the most Eurosceptic governments in the entire Union. The country's 2018 municipal elections reveal an increasing divide between urban centres and the countryside. Whereas the united opposition of liberals, social democrats, greens and the like was able to win all of the big cities, Jarosław Kaczyński's Law and Justice (PiS) party won the entire countryside. The strong opposition presence in the big cities means that over the course of 2019's European elections and parliamentary elections, it will be important to observe whether or not the country moves in a Eurosceptic direction.

As usual, the only stable large country is Germany. Those living and working here may make a different assessment but at least from the outside, Germany seems to have a stable government and a stable economy. With the wider continent so fundamentally destabilised already, I don't think anybody wants to imagine a destabilised Germany at this time.

Common causes of crisis?

The question is, do all these various crises – and I have only mentioned a few of them – have something in common? Do they at least have similar roots? I think there are at least six issues which, to varying extents depending on the country, have made a major contribution to destabilisation at the level of wide-scale European politics.

Firstly, the collection of ongoing technological changes seen worldwide are not resulting in equal benefits for European populations, and visibly so. People are simply unable to prosper from technological change to the extent that they want.

Secondly, too many member states have still not overcome the financial and economic crisis of 2008-2009. Numerous EU countries are yet to recover the GDP levels of 2008 so for these countries we are really talking about a lost decade. Still others see the aftermath of the crisis in youth unemployment rates of more than 25%.

As a collateral result of the financial and economic crisis, middle-class decline is a feature of almost all European countries, with the exception of a few young democracies in the east which are at a different stage of development.

Accompanying these three phenomena is a crisis of the traditional democratic system. Across the continent, we are confronted with a decline or even a destruction of the traditional large party structures on the centre-right. The centre-left has either been exchanged for the Macron-type movement seen in France or been replaced by a much more differentiated multi-party system with as many as six or eight parties in parliament, instead of the two or three of the past.

It seems the traditional political landscape that has characterised post-war Europe at both the national level and the European level is under enormous pressure, whether from authoritarian governments of varying success or by the types of street protest seen across France since October 2018.

Fifthly, geopolitical architecture and the new positioning of China, Russia, and the United States pose a fundamental question for Europe: What is Europe's place in this new world? Put differently, what role is Europe both willing and able to play? And as long as this question lacks a satisfactory answer, it will add to the discomfort of citizens across the continent, many of whom will express their unease via nationalist or populist movements.

Finally, however, I think the most fundamental shift going on in Europe is that culturally, at the level of identity, the continent is moving strictly to the right, whereas socially, Europe is moving to the left. To a traditional understanding of politics, this is a rather

paradoxical situation. These two seemingly contradictory trends are causing the traditional party political system to explode. Identity, in many countries, is the key point of reference.

Whereas in the 1990s in the US, Bill Clinton's famous campaign slogan was known as 'it's the economy, stupid', one could say that for the time being in Europe, a simple summary would be 'it's identity, stupid'. This seems to be the underlying issue connecting Brexit; Catalan separatism; the need to confront xenophobia and antisemitism; and varying responses to the refugee crisis. This is my understanding of the socio-political phenomena emerging at present and it provokes several further questions.

How has the world changed?

In order for Europe to play an effective global role, we must ask ourselves what has changed in the world around us and we must examine the significance of the crossroads elections of 2019.

The US

Donald Trump is frequently blamed for his distance from Europe, not least for the arrogance with which he is moving away from the traditional US stance as Europe's closest ally and closest security partner within NATO. In some ways, Trump has even shown hostility to Europe over questions of trade exports and economic development.

But frankly speaking, Trump does not represent the beginning of this trend. During Obama's presidency, the gap between the United States and Europe was already growing and security priorities in the US had shifted to the Pacific and to China, its emerging counterpart. This loosened the focus on Europe and especially on Western European partners.

Although this trend was already in motion before his presidency, the hostile tone has of course been a new element that characterises the Trump administration. When President

Trump was elected, a famous liberal commentator said that the single greatest menace to global security was now the US. This was something of a surprise given that the world is still confronted by countries like North Korea, Iran, and Saudi Arabia. But simply put, such drastic fears about Trump have not been backed by facts.

It's true that Trump cancelled the Iran nuclear deal and his language on Iran has been tough, so we will see how that plays out, but he was the first US president to engage with North Korea and he has been trying to reduce the undoubted nuclear threat.

We must also wait and see how his Middle East initiative works out. The US has drawn together an alliance of states embracing Egypt, the UAE, Saudi Arabia, and to a certain extent Israel. It is through this 'club of friends' that Trump is apparently trying to establish a new formula for peace in the region. Israel's elections in April 2019 perhaps slowed the progress but time will tell if the initiative is going to gain traction.

What I want to underline, not as an advocate for Trump but because we are living in times when communication plays such an influential role, is that so far Trump's irritating tweeting and his erratic style of communication has been much worse than the facts of international security that he has actually shaped.

Russia

Meanwhile, Vladimir Putin is coming very close to the accomplishment of his major targets. He wanted to re-establish Russia as a major player in global politics and he wanted to rebuild the old Soviet zone of influence in Russia's immediate neighbourhood.

Without a doubt, Putin has re-established Russia as a global power again in clear rejection of the humiliating notion that the country was no more than a regional player. I think those who held such a diminished image of Russia's global role learnt their lesson with Syria.

Many ask why Putin is so focused on Ukraine. People might think that through the annexation of Crimea – and violating international law – Russia obtained a major strategic

target, so ‘why was continued destabilisation of eastern Ukraine necessary?’ This cost a lot of money and excludes approximately eight million – likely pro-Russian – Ukrainians from national elections.

We have to understand that President Putin’s project is to re-establish the Russian sphere of influence in the region and that the key to this, of course, is not Georgia, not Armenia, but Ukraine. This is why the Ukraine conflict will continue. With a new president in Ukraine, the cards could be laid out in a new way and perhaps hopes for reconciliation between the two sides could be revived.

China

China, despite being the greatest communist dictatorship on the planet, enjoys a lot of sympathy, especially in Europe and in the business community. I am sometimes surprised how people can be so fiercely anti-Russian and at the same time embrace the Chinese so closely.

I am not being anti-Chinese by saying that one has to understand China’s attempts to split the European Union. The founding of the 16+1 format – whereby China has established a group of countries in Central and Eastern Europe, member states of the European Union and others that want to become members – represents a clear intention to create a group of countries that blocks any anti-Chinese legislation in Brussels. Smartly, China has entered Europe through its soft underbelly. In Central and Eastern Europe, savings were too low, foreign direct investment was languishing, and the economic recuperation process was in danger. At precisely the right moment, China came into the picture, offering significant investment, and established the 16+1 initiative.

The Belt and Road Initiative (BRI) is, to my mind, one of the smartest geopolitical propaganda instruments ever created. The Chinese have done well to give everybody the

impression that they are part of this project without making what really happens especially clear. At the level of propaganda therefore, it is at least very successful.

To a certain extent, the BRI has also been successful in establishing new communication lines that have seen quick and powerful wireless communication along the entire route to Europe. But all the projected investment in trains, highways, and maritime transportation would go far beyond the capacity of the Chinese national budget so what remains therefore represents very selective politics.

The country where the BRI is most visible is definitely Pakistan, which has been a recipient of major Chinese investment. Understandably, India – which experiences tension with China from time to time but with Pakistan more frequently – has been less than enthusiastic about this.

So it seems that the Belt and Road Initiative serves as a perfect propaganda vehicle but will remain selective in its infrastructural expression. Nevertheless, the founding of the 16+1 in order to split the European Union was a step that will be very difficult to reverse.

Options for Europe

So what can Europe learn from these various geopolitical shifts? The idea of being pushed around by major global powers is not a particularly comfortable scenario for Europe. So we have to look for co-operation and we have to look for allies.

One naïve option to be ruled out is the idea that in the absence of a willing US partner, an alternative may be found in either China or Russia. Those cards are absolutely unavailable. There is competition with Russia; of course there is also a measure of cooperation with Russia but the reality is that after the fall of the Soviet Union, the vast majority of the Russian elite have seen the European Union as the next union that should be dissolved. They don't see unions of this kind as the bodies of the future and they don't trust the European Union; they prefer to talk to the representatives of the Union's member

states. So, there is no Russian option available and there is also no Chinese option available.

Whether or not American politics might be reassessed after President Trump, and whether or not that could lead to closer security cooperation with Europe, remains to be seen. This is an important concern with Brexit in mind because one has to understand that the United Kingdom's intelligence capabilities are perhaps its most important asset and they are essential to European security. British intelligence services share information with their American counterparts. The question, therefore, is if the UK no longer serves as the major link between the European Union and the United States, which European actor will come to fulfil this role?

China has taken a clear strategic decision to compete with the US over artificial intelligence and technological supremacy. We might see this as something of a match between Alibaba and Amazon. Of course, up to now, Apple, Amazon, Facebook, Google, and Microsoft have composed the 'Champions League' of tech giants but it seems that the emerging power could be Alibaba. We might ask where Europe is in this context and frankly Europe has no rivals for the global tech giants and is not even seen as a major competitor by China. I think this is a new experience for Europe. In the old days, Europeans always thought their technologies were the most developed; China used to copy European technologies and then reinvent them. In the present day, however, and especially in the field of artificial intelligence, we have to admit that we are no longer part of the game; the competition is between China and the US, and the Chinese no longer look to Europe.

The European elections

With all these challenges surrounding us, the European elections in 2019 possess real potential for disaster.

I have no doubt that the European People's Party (EPP) is going to win the elections and remain the strongest force but there is a danger that the anti-European parties, or at least Eurosceptic parties, will be the next most popular group. This would leave the Social Democrats, who have been the traditional partner of the Christian Democrats, only coming in at third or fourth.

It could be that for the first time since in the European Parliament's existence, the European People's Party and the Social Democrats will not together have a majority. I think that this would give a clear indication of the direction Europe's major dynamics are moving in.

There are some who want to domesticate these anti-European parties. Let's face it, Victor Orbán is indeed still a member of the EPP. There are also analysts in Italy who believe Matteo Salvini will become the successor to Silvio Berlusconi, not only as the head of government but with his party replacing Berlusconi's as the new party of Italy's political right and potentially also joining the EPP.

So, there is a tendency for those in the large EPP camp to want to domesticate some of the Eurosceptic parties by integrating them within the EPP fold. This could work but it would definitely lead to a change in the direction of Europe's political system because the price we would pay is that the EPP would move from the centre of the political spectrum to the right.

The future of work, tax, and the European lifestyle

In Europe's current situation, some of the political priorities which, at least from my point of view, should be tackled are as follows:

Firstly, I think what we have defined as the Western European model of the welfare state, under the present circumstances, is definitely out of date. The digitalised era of work will require a fundamental reshuffle of the economic and social instruments that we have

used until now. If the OECD is right in its calculation that 30-50% of jobs could be made redundant due to the effects of digitalisation, one could of course think that a radical shortening of working time could offer some relief. Mathematically, this is indeed possible. But in reality, such relief will be limited because jobs will remain conditional upon qualifications and dedication, and not everybody will be qualified to work in the digitalised era when higher levels of skill and specialisation will be needed than now.

Secondly, Europe will need political and social concepts that embrace the entirety of its populations. We can't allow ourselves to accept a division of the labour force into active and passive components. The onset of digitalisation means we risk having an active, working portion of the population, and another portion of the population – leaving aside dependent groups like pensioners and children of course – that is, as far as working life is concerned, passive. This kind of passivity can be seen in various expressions of social frustration but includes working-age people caught in lifestyles of drinking and gambling. We can see this in areas of Europe hit by industrial decline.

We can look at areas of central France for example, which had traditionally hosted quite robust industries and where towns and cities of 40,000-50,000 inhabitants nowadays have populations as small as 2,000 or 3,000. Vast areas are like forgotten cities, small Detroit in the centre of Europe. With social services, education, and healthcare all in decline, no public transport, and not even any bars or restaurants to visit, the only places you find people gathering are betting shops. This is what I mean by a 'passive population'.

Due to the decline of the industrial age, a significant portion of Europe's workforce is now passive. The loss of work is easier for older people in countries with established pension systems, but for people aged 40 or 45 who don't really have a role in society, it is much more difficult. The danger of a split in the digitalised era between active and passive portions of the population is immense. This is why political and social concepts need to address the

whole population. Even if people are only employed 10-20 hours per week, having something meaningful to do is better than doing nothing at all.

Thirdly, the question that always arises is that of how dealing with these issues can be paid for. This is a very legitimate question and it's a question that we can answer. If work is no longer the predominant means of humanity expressing value because so many things are done by computers and robots, why should our taxation system be based on this scarce resource that we call work? Perhaps we are approaching a situation where we longer tax work. We would then rely on robust taxes on wealth, capital gains, profits, different kinds of consumption, and of course taxes on environmental consumption.

The onset of digitalisation puts a reshaping of the tax system before us as one of the most radically decisive choices we have faced since 1945. I do not believe that more small and incremental adaptations will resolve the issue but I outline this necessity regarding work and digitalisation only in order to highlight *one* of the major challenges we have before us.

Finally, and in connection with my previous points, I think Europe also needs to decide that it will consist of more than simply a bundle of megacities. Most global development reports seem to forecast that the vast majority of the world will, in future, live in megacities. But the yellow vest movement in France, alongside activism across much of Italy, Spain, and other smaller countries, shows us that European civilisation cannot only be based in cities. If decent future prospects are not on offer to people in the countryside, Europe will be confronted with an incredible social and political backlash.

Therefore, I do not see Europe's future as one overly concentrated in megacities and I believe Europe must preserve the balanced lifestyle that has been one its most important historical features. We have to change the European Union's priorities accordingly.

A European Union for the future

I am an ardent European but I can honestly say that I am frequently fed up when I read some of the legislation from the European Parliament and the European Commission, which interferes in issues that should be beyond the scope of the European project. This type of perfectionism fosters a bureaucratic apparatus that is difficult to handle and probes into people's lives unnecessarily.

What I would feel perfectly comfortable with is a European Union that sees foreign and security policy as a priority, especially in view of the challenges it is currently facing; a European Union that seeks a common solution to the refugee crisis; a European Union that embraces digitalisation through innovation, i.e., not only through technical solutions but social solutions too; and a European Union that establishes a tax system appropriate for new times.

These, from my perspective, are the main prerequisites for the defence of Europe as a continent of liberty, freedom, and social prosperity. I think that as Europeans, we hold to the idea that a society which is well-balanced and based on contributions from all its citizens is the best guarantee of freedom and democracy. But in order to secure that vision, necessarily vigorous discussions to find consensus on collective options are needed. Europe will have to take some tough decisions in the years to come.

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