sciendo

Europe at the Crossroad: Decline or Reconstruction?

Martin Aidnik

Institute of Social Sciences,
Tallinn University
Narva mnt 25,
Tallinn 10120, Estonia
E-mail: martinaidnik@hotmail.com

Abstract: *Uncertainty and unease surround both Europe's current predicament and future prospects. Be it national governments devoid of European solidarity, the self-contained Brussels bureaucracy or fear of another economic recession, the status quo in Europe contains much to be concerned about. In particular, the rise of the far right casts a shadow over contemporary Europe from Poland and Hungary to France and Italy. The leitmotif of this article is social Europe, i.e. Europe with commitment to "good society", conducive to human well-being. I seek to envision a reconstruction to the current maladies. Before taking up the main task of the article, I write about the two key developments that have lead to the decline of social Europe. I begin with the Maastricht Treaty which had a profound impact on the rules of economic governance in Europe, as well as contained a vision of competitive and individualistic social life. Thereafter, I probe into the divisive consequences that austerity has had in Europe in the 2010s. Lastly, I focus on a path forward and inquire into social thought that aims at a reconstruction of European politics and economy in order to arrive at a social Europe. I shall do this by engaging with the recent 'Manifesto for the democratization of Europe' (Boujou et al., 2019), an initiative led by prominent French intellectuals that seeks to save Europe from its current troubled state.*

Keywords: *austerity, Europe, eurozone, Maastricht Treaty, reconstruction, social Europe, solidarity*

1. Introduction

Uncertainty and unease surround both Europe's current predicament and future prospects. Be it national governments devoid of European solidarity, the self-contained Brussels bureaucracy or fear of another economic recession, the status quo in Europe contains much to be concerned about. In particular, the rise of the far right casts a shadow over contemporary Europe from Poland and Hungary to France and Italy. As things stand, after the European Parliament elections of 2019, the far right is a force to be reckoned with. The liberal consensus of the European Union, previously successful in presenting itself as essentially the only viable way forward for Europe, has suffered serious setbacks in the last decade, including the exit of one of the Member States, Great Britain. The EU has absorbed the calamitous developments but, at the same time, carefully avoided any major reconstruction in order to recalibrate its project. Thus proponents of a progressive Europe have claimed that the European Union has reached an impasse as a democratic project which benefits populations and stands for a better, more liveable world (see, e.g., Balibar, 2016; Offe, 2015).

The growing presence of the far right and the international allegiance of far-right parties—the nationalist international—is undoubtedly an unexpected reality for the architects and spokesmen of the "ever closer Union". This reality, however, is not inexplicable. The decline of social democracy on the continent has left large swathes population without credible political representation. Beginning in the 1990s, social democratic parties reconsidered their historical priority with redistributive justice. Undertaking what was perceived as necessary "modernization", they increasingly accommodated their political outlook to the free enterprise economy, favouring social dynamism in the form of meritocracy to welfare and labour market protectionism (Berman & Snegovaya, 2019). Furthermore, starting with the Maastricht Treaty in 1992, the Union officially itself adopted a market-liberal stance both in terms of policy-making and discourse, which effectively marginalized earlier concerns with welfare and cohesion (see, e.g., Streeck, 2019). The programme of the Maastricht Treaty—free capital movement and balanced budgets—which the single currency later deepened set in motion the strategy of fiscal retrenchment and austerity which came to the fore in the 2010s. In other words, the economic hardships which have clearly contributed to the rise of the far right are inherent in this seminal treaty and the logic of the single currency (Busch, 2019; Lucarelly, 2014). Austerity policy has disproportionally affected the more disadvantaged sections of society, welfare claimants and low-income earners. There is an evident contradiction between social fairness and socio-economic policy-making. Fairness and welfare provision, the pillars of social Europe, have been marginalized. European societies have become increasingly atomized. Competitive restructuring (structural reforms) has dominated the political agenda both at the EU and the nation-state level.

Unlike Douglas Murray (2017), I do not proclaim the “strange death of Europe”. But I do agree with Yanis Varoufakis that “a titanic battle is being waged for Europe’s integrity and soul, with the forces of reason and humanism losing out so far to growing irrationality, authoritarianism and malice” (Varoufakis, 2016a, p. 245). The leitmotif of this article is social Europe, i.e. Europe with commitment to “good society”, conducive to human well-being. The article, in other words, is normatively oriented. I seek to envision a reconstruction to the current maladies. Therein lies the novelty of the article. Important critiques of the eurozone and the European Union have recently been written (see, e.g., Streeck, 2014; Stieglitz, 2017; Lapavitsas, 2019). Drawing on them, this article endeavours to theorize a progressive, humanistic alternative to the status quo.

Before taking up the main task of the article, I introduce the notion of a “social Europe”. Thereafter, I write about the two key developments that have led to the decline of social Europe. I begin with the Maastricht Treaty which had a profound impact on the rules of economic governance in Europe, as well as contained a vision of individual and competitive social life (Paggi, 2018). Thereafter, I probe into the divisive consequences that the euro, as a single currency, has had in Europe. Lastly, I focus on a path forward and inquire into social thought that aims at a reconstruction of European politics and economy in order to arrive at a social Europe. I shall do this by engaging with the recent ‘Manifesto for the democratization of Europe’ (Boujou *et al*., 2019), an initiative led by prominent French intellectuals that seeks save Europe from its current troubled state.

Methodologically and in spirit, the article stands within the tradition of Frankfurt school critical theory. As Max Horkheimer argued in the ‘Postscript’ to the programmatic essay ‘Traditional and critical theory’, critical theory is a form of inquiry oriented towards achieving a better social organization via critical understanding of the forces which constitute the status quo. It is a philosophical endeavour aimed at illuminating the whole of human social life in its historical specificity. Critique of economy is a vital part of critical theory, as it is the economy which is a cause of much of social misery. Economy, as a structuring principle of society and its contradictions, is too important to be left to professional economists (Horkheimer, 1972, pp. 244–252). I therefore contend that (political) economy is indispensible for the study of Europe, and that critique of the free market capitalism instituted under the auspices of the EU is a necessity for envisioning social Europe. I proceed interpretatively. Interpretation in the tradition of Frankfurt school critical theory is oriented towards understanding a phenomena in its historicity and elucidating its hystorical dynamic. Such a critical understanding enables a discussion of reconstruction by de-naturalizing what appears as natural, i.e., without history (Adorno, 2000, pp. 145–154). An inquiry into the decline social Europe in the framework of EU governance enables one to consider an alternative to the European status quo.

2. The meaning of social Europe

I will now delineate the meaning of the notion 'social Europe' in terms of fundamental values and key practices.

Anthony Giddens has argued that the values which underlie social Europe (or the European Social Model, ESM) are sharing risk widely across society, containing inequality with the aim of preserving solidarity, protecing the most vulnerable, cultivating consultation in industry and providing a framework of economic and social citizenship rights for the entire population. These values anchored by the social model is a fundamental part of what Europe stands for (Giddens, 2006, pp. 14–15). Social Europe, quite clearly, presupposes that economic prosperity and social justice go hand in hand—something which was widely agreed upon in post-war Europe (Giddens, Diamond & Liddle, 2006, p. 2). The social model contained an emancipatory dimension in the form of labour market de-commodification, i.e., welfare state which enabled one to exit the labour market with minimal financial losses. Measures such as legal limitation of working hours, various instruments of income maintenance (especially means tested benefits) were part of a state monitored social security which de-coupled labour market participation and the valorization of human life (Azmanova, 2009, p. 1021). De-commodifiyng social policy with its high level of taxation was part and parcel of the post-war social-democratic "pact" between labour and capital which, together with strong labour unions, entailed concessions on part of the owners and managers of capital.

To elaborarate more on this notion, the European social model has six pillars. These are: (i) increased rights at work and improved working working conditions; (ii) universal and sustainable social protection systems; (iii) inclusive labour markets; (iv) strong and well-functioning social dialogue; (v) public services and services of general interest; and (vi) social inclusion and social cohesion (Vaughan-Whitehead, 2015, pp. 3–10). Aiginger and Guger (2006, p. 126) argue that the European social model shapes production, employment and productivity and, thus, economic perfomance together with other economic policy objectives. Yet the model also has important implications for realms other than the economy: it influences social relationships, cultural institutions, behaviour and the production of knowledge.

The last decade, the decade of sovereign debt crisis and austerity, has seen the social dimension of Europe under considerable strain. Policies have been adopted by states which explicitly undermine social justice and cohesions: these include restriction of basic workers' rights, wage devaluation, cuts in employment and social benefits and lay-offs in public secor (Vaughan-Whitehead, 2015, pp. 16–20). German economic sociologist Wolfgang Streeck has captured a major transformation of European social policy in the same period which is worth quoting in length:

> *At least two things have changed, however. The first is that conflicts over European social policy are now being fought out in the confrotation between defenders of national welfare states and Europeanist "reformers"—the latter including supranational institutions of the European Commission, the CJEU and the ECB, still set on the pre-2008 course of neoliberal market building. The second is that social-policy battles have been relocated to the fields of monetary, fiscal and immigration policy, which claim priority over all others. In the process, the status of social policy within Europe's political economy has undergone a profound change. Under the postwar standard model of social democracy, social policy had been institutionalized as a semi-autonomous policy area, governed by a logic of social integration that challenged and partly counterbalanced, the drive of economic policy for maximally efficient deployment of capital. Since then, social policy has lost its semi-autonomy. It has been absorbed into a more or less monistic neoliberal logic of rationalization-by-commodification, in which it became instrumentalized for, and subsumed under, a society-wide process of competitive restructuring.* (Streeck, 2019, p. 133)

Having articulated the notion of social Europe and the aspirations behind it, I will now turn to the Maastricht Treaty and the euro as constitutive factors giving rise to 'new Europe' which is economically austere and socially fragmented.

3. Maastricht as a turning point

In my analysis of the Maastricht Treaty, I take my cue from the Austrian economist Walter Baier, who has argued that the decline of the social Europe I have briefly outlined has a longer latency than the financial crisis of 2008—the beginnings of it are contained in this treaty, signed in 1992 (Baier, 2016, p. 39). What also merits revisiting the treaty is the high significance that scholars of European integration attribute to it in their assessments (Monar, 2013; Kohler-Koch, 2013). Desmond Dinan considers the treaty a watershed event which transformed the European Community (EC) in ways which seemed unthinkable a decade ago (Dinan, 2013, p. 159). The Maastricht Treaty is of course multidimensional, with an impact on different realms of policy-making and institutional design. In an important sense, the impact included the creation of "pillars" for the Common Foreign and Security Policy (CFSP) of the Union and for Justice and Home Affairs (JHA), giving official recognition to European citizenship and greater significance to the European Council (Christiansen, Duke & Kirchner, 2013). I will focus on the creation and design of the European Monetary Union (EMU), as it pre-figured the political economy of the single currency area. Setting in motion the EMU can also be said to be the most significant legacy of the Treaty (Dinan, 2013).

The EMU was crafted in order to utilize the Single Market the most efficiently. A common currency and a European central bank would reduce transaction costs, manage uncertainty and benefit both Europe's trade and financial sector. It would create common rules for the national economies of the region (Caporaso & Kim, 2013, pp. 90–91). What, then, were the deficiencies or imbalances that enable one to trace the "euro-sclerosis" of the 2010s back to this Treaty? I shall focus on two major issues here. First, the Treaty places a one-sided emphasis on fiscal responsibility at the expense of other issues such as growth, employment or unregulated capital flows. The overarching concern was that states avoid large annual deficits and high levels of debt to GDP (Caporaso & Kim, 2013, p. 92). From its inception, the European Central Bank and the currency union were set up according to the standards of the German Bundesbank, i.e., according to the standards of ordoliberalism and monetarism which dominated the Bundesbank. The design of the EMU was thus a result of a political struggle for economic leadership between the major powers of Europe—Germany and France—which saw Germany prevail. It effectively meant France would bow to Germany's economic discipline to the detriment of its earlier 1980s' socialist, anti-austerity policies. Furtermore, the Bundesbank-turned-Central Bank ensured that socialist or left parties of Europe and Southern Europe, in particular, were co-opted to the financial playing field of frugal Germany or the North more broadly (Varoufakis, 2016a, pp. 111–120; see also Howarth, 2001).

Secondly, and related to the first issue, the Treaty paved way for a new type of governance, where politics is increasingly economized. Nation states, bound to the new Treaty rules, were deprived of their earlier sovereignty in economic governance without anything like this sovereignty being recreated at the European, i.e., federal level. This has created a situation where, one the one hand, the euro is a stateless currency, and, on the other hand, the indebted (southern) peripheral countries are at the mercy of international bond markets (Lucarelli, 2014). The single currency means that monetary policy no longer assumes the role of stabilizer. Debtor states do not regulate markets but are regulated by them. Politics in this new order has been decidedly circumscribed: the idea is not to rule but to monitor and punish violations of the "natural" law of the market, with the unmistakable implication of depoliticization (Baier, Canepa & Himmelstross, 2018). As Wilkinson has recently argued,

> [c]*onsidered in the longue duree of the battle between economic liberalism and social democracy, Maastricht has been described as having put a decisive end to the European civil war between Right and Left that took place across the 'short twentieth century'. It signalled the triumph of economic liberalism over socialism.* (Wilkinson, 2019, p. 9)

Having discussed the economic reasons that made the Maastricht Treaty inhospitable to social Europe in the first place, I will now turn to the exploration of how the once celebrated single currency has further contributed to its decline in the last decade.

4. The eurozone and its discontents

With the sovereign debt crisis of 2010, a distinctive mode of governance emerged decisively. This was a juncture of massive government intervention, including fiscal stimulus, to save the banks. Public spending, both nondiscretionary unemployment benefits and discretionary public expenditure, increased (Meadway, 2012). Consequently, rising government deficits became the focal political concern. In Europe, the sovereign debt crisis morphed into a common currency crisis. Ireland together with southern Member States of the single currency union had incurred large deficits. The European economy nosedived.

Financial speculation continued unabated. Structurally unprepared for a crisis of this magnitude, governments, after initial hesitation, rapidly moved from stimulus to fiscal austerity (Gualerzi, 2017).

This decision, and the dogged refusal to reverse it against all evidence, still continues to hold sway in Europe. As a measure of crisis management, austerity has a long history, yet its results were known to be more than mixed before its heavy-handed administration in Europe, where it produced its own mythodology (or ideology)—that of the frugal Swabian housewife, who saves more than she spends and moralizes debt. While seemingly sensible, it conceals the fact that sound economic policy is by no means identical with the rationale of a Nordic housewife. Thus the suffering caused by austerity policy is in theory—and have been in practice—much greater than its proponents dare to admit. Austerity undermines growth and revenues which, in turn, require spending cuts. Argued to be short-term medicine necessary in the long-run, the loss of economic output as an enduring output of austerity tends to consecrate it, compounding failure instead of providing remedy (Stiglitz, 2017; Blyth, 2013). Export-prone countries survived the economic downturn with lesser hardship compared to the peripheries of East and South or the financialized economies of the British Isles. Yet, the overall impression throughout the post-crisis era was one of continent adrift and in decline. Desiccated welfare states in South Europe and Great Britain, trenchant austerity in Ireland and Eastern Europe were morbid symptoms of this. Progress made in addressing inequality between Western Europe and Scandinavia and Eastern and Southern peripheries was rapidly undone (Matthijs, 2016). Solidarity, the indispensible building block of 'social Europe', was in short supply everywhere. The European social model (of the pre-Maastricht era) was but a rapidly fading dream (Kavan, 2018).

The tensions within the euro and its "there is no alternative" mode of governance have unleashed a particular dialectic of integration and disintegration. Unifying different economic set-ups—the export-led Northern and domestic demand-based Southern—under strict budget and competition rules has proved a Trojan horse for the project of integrated, unified Europe (see, e.g., Streeck, 2016; Troost, 2016). What we have, instead, is the euro-ization of Europe, meaning Europe where transnational finance occupies a leading position. Neither Brussels nor nation-states dictate the governance of eurozone. It is more oblique, with no democratic institution currently existing at its heart. Importantly, the European Parliament—the only democratically elected institution of Brussels—has been carefully side-lined from eurozone governance (Hennette *et al.*, 2019). It lacks decision-making powers in agenda-setting (e.g., crafting memorandums for indebted countries or drafting country-specific recommendations). Its role in economic governance is passive—confined to dialogue, information, and consultation. Instead, we are dealing with a dense transnational network of financial bureaucracies and treasuries, senior officials of the European Commission's DG ECFIN (Directorate-General of the Economic and Financial Affairs), national and European central bankers and the Eurogroup (Finance Ministers of eurozone Member States). This tightly-woven network captures the extra-mural governance of the eurozone, a constellation where economic agenda is crafted outside the framework of European and national institutions (Sacriste & Vauchez, 2019). Thus, in Europe, where there is a progressive disparity between economy and democracy, not only is the discourse of further integration unpopular, there is a rising tide in politics keen on undoing what is left of European unity. Austerity and the techno-speak of structural reforms cannot be neglected when explaining this turn in European political landscape

> [w]*here national democratic institutions are neutralized by international 'governance', as under European Monetary Union, their de-politicized empty spaces are likely to be filled with new content, which may be public entertainment of the 'post-democracy' or some politically aggressive form of nationalism* (Streeck, 2016, p. 141).

In agreement with Horkheimer (1972), I argue that economy and cultural-political change need to be understood in relation to each other.[1] Nationalist parties and their ideologies have skillfully capitalized on alienation and insecurity which have their roots in economy—the current political economy of the EMU.

Having provided a critical overview of developments in the single currency union in relation to the European social fabric and solidarity, I now proceed with the main part of the article, where I take up the issue of progressive reconstruction. What I mean by this is a transformation which goes beyond the contested technocratic status quo as well as the nationalist challenge to it. Such an attempt is fully merited in order to consider not only how to avoid a further decline of Europe but, even more, how to understand the recalibration of social Europe.

[1] Theodor W. Adorno (2019) analysed the rise of right-wing radicalism in late 1960s' West Germany. His analysis is still relevant in 2019. Adorno argues that the more the nation state loses its sovereignty as a consequence of globalization, the more vehemently the far right demands its restoration with authoritarian measures. Far-right politicians mobilize fears of migration and loss of status to further their own anti-migrant agenda. Similarly to Horkheimer, Adorno claims that the roots of right-wing radicalism lie in capitalist economy; it is lack the lack of democracy in capitalist economy and its "winner takes all" mentality that gives rise to far-right sentiments and predispositions.

5. Envisioning a reconstruction of the European status quo

Europe has reached its constituent moment—it badly needs a reset (Adelman & Delatte, 2019). Tinkering around the edges will not suffice. The democratic deficit I have outlined in the previous section is too grave; the impact of enduring austerity policy too far-reaching. What is needed, in other words, is a change that addresses both the democratic deficit and the absence of economic policy compatible with social Europe. In order to do this, I turn to the Treaty on the Democratization of the Governance of Euro Area and a shared European Budget, put forward in the 'Manifesto for the democratization of Europe' (Boujou *et al.*, 2019). I focus on the theoretical substance of these two ideas, rather than on their political feasibility or the strategy for turning the ideas into a reality.[2]

Both the Treaty and the budget aim at the direction of "more Europe". But—and this is important—they do not do so at the expense of already limited sovereignty of nation states. In other words, we are not dealing with an either-or issue. Instead, the idea is to link self-determination at nation-state level with a transnational democracy. Additional EU powers need to be realized in democratic conditions, i.e., not at the expense of nation-state electorates. People of Europe ought not to accept a half democracy at the level of nation state and a half parliament at the European level. Self-determination within the perimeters of a nation state can be achieved under conditions of global capitalism only in case of a democratically instituted transnational cooperation (Baier, 2016; 2019).

I will now outline the main tenets of the Treaty on the Democratization of the Governance of the Euro Area (T-Dem). The Contracting Parties of the Treaty are the Members States whose currency is the euro. By this Treaty, the Contracting Parties agree to undertake a stronger coordination of economies and budgets, as well as fiscal and social coordination. The aim of the coordination is a proper functioning of the euro area. To do so, the Contracting Parties agree to establish among themselves an assembly called Parliamentary Assembly of

[2] There are, of course, other credible ideas to recalibrate social Europe. For example, the idea of basic income or the Eurodividend is one of them. Among the supporters of basic income is the pan-European DIEM 25 movemement. DIEM 25 shares the same aspiration which is at the heart of this paper, i.e., to save Europe from disintegration. Yanis Varoufakis, the founder of DIEM 25, has argued that basic income can be financed from a return on capital tax. Underlying this proposal is the premise that wealth is socially (instead of privately) created and thus ought to be socially shared in the form of a universal dividend (see Varoufakis, 2016b). The ideas of the manifesto and basic income are above all else complementary and ought to be implemented together. This would represent a major step towards a recalibration of social Europe; further progressive reconstruction of the European economy could then follow.

the Euro Area. The Assembly—lying at the heart of the T-Dem project—is the institution representing the people of Europe within the governance of the euro area. It is composed of both members of national parliaments and members of the European Parliament; both of whom will be involved in decision-making processes as citizen representatives. The Assembly shall be comprised of 400 members the most; four-fifths of its members shall be selected by national parliaments in proportion to the groups within them and one-fifth of its members by the European Parliament in proportion to the groups within it and with due regard to political pluralism, in accordance with a procedure laid down by the European Parliament. The T-Dem together with the Assembly are not meant to supercede any of the European Union existing institutions, nor their competences (Hennette *et al.*, 2019, pp. 68–70).

According to the treaty, the Parliamentary Assembly contributes to the governance of the euro area by setting the political agenda (i) by participating in the preparation of the agenda of the Euro Summits (council of heads of state or government) as well as in the programme of the Eurogroup; (ii) by having a legislative capacity in order to further economic and fiscal convergence as well as sustainable growth and employment; (iii) by having the means to assess convergence and conditionality policies of the last decade within the euro area. This includes having a final say in the case there is a disagreement between the Assembly and the Eurogroup (Hennette *et al.*, 2019, pp. 64–65). The Assembly is meant to function as a counterbalance to the executive power of the Eurogroup. How is the convergence and coordination of economic and budgetary policies to be achieved? The Assembly (i) shall take part in the monitoring of the discussions on the annual draft budgetary plans of the Member states and shall act as an advisory; (ii) shall provide assessments of the recommendations and reports submitted by the European Commission to the Council concerning euro-area Member States subject to excessive imbalance procedure; (iii) shall deliberate the implementation of structural reforms recommended for the euro area; (iv) shall take part in the supervision of the euro-area Member States' coordination efforts within the field of budgetary policies (Hennette *et al.*, 2019, pp. 72–75).

Lastly, I outline the proposal for the budget of the euro area.[3] Established by the Assembly and the Eurogroup, its adoption requires approval from both institutions. Compromise is thus sought, while the Assembly has the final word.

[3] Balibar (2016) and Troost (2016) have both argued that there should be a European Transfer Union, enabled by a common budget. Similarly to the Manifesto, the budget would be funded from taxes and be at the service of co-development projects between European nations, such as a transition towards green energy production. Regional inequities would be addressed with funds from a common budget and an upward convergence of social standards would be aimed at.

The budget has the purpose of fostering sustainable growth, social cohesion and employment, as well as greater economic and fiscal coordination between the Member States of the euro area. Fixed at 4% of GDP, the budget provides Europe much needed resources for investing in the future (i.e., in research, training and European universities) and for addressing the problem of inequality between countries. Finances would come from four major European taxes on profits of major firms, the top incomes (over 200,000 per annum), the highest wealth owners (over 1 million euros) and carbon emissions (Hennette *et al*., 2019, pp. 81–83; Bouju *et al*., 2019).

The need for a different euro area governance and economic policy has been clear ever since the latest, 2010 euro crisis. There have been proposals that point in the similar direction to those that I have just outlined. For instance, in 2012, the Barroso Commission presented a blueprint for an EMU reform which included a shared debt liquidation fund and authority for the European Parliament to democratically control economic management. These ideas have, however, been thwarted by strong resistance from Germany and the "Hanseatic League" of Holland, Ireland and the three Scandinavian and Baltic states. In more recent years—in 2017 when Emmanuel Macron returned to the need for a euro area budget—it has been the insurgent right-wing populism in many countries that has blocked advancement towards reconstruction (Busch, 2019). What is principally at stake here is overcoming the polarization between Western Europe and Scandinavia on the one hand and eastern and southern peripheries on the other.[4] This would mean, for instance, that in Germany a focus would be on reviving the domestic market (instead of aggressive export orientation at the expense of its European "partners") by expanding high-quality education, and health and care services; whereas currently depleted Greece could rebuild working structures of industrial production, including export capacity, and service provision (Troost, 2016). Eastern Europe, hitherto wedded to the model of private sector wealth creation, needs a programme of public investetment no less than indebted southern countries. For it is this region in Europe where economic adjustment necessary for the implementation of the euro—and the subsequent euro crisis—exacerbated already existing divides between created by the free enterprise economy and its edifice, the currently existing "Brussels cosmopolitanism". In such circumstances, where the low-skilled and less

[4] The polarization is also reflected in the OECD Life Satisfaction Index (OECD, 2019). Greece, Portugal, Estonia, Latvia and Slovakia have some of the lowest life satisfaction levels among OECD countries. Scandinavian countries, Switzerland and Netherlands have the highest levels of life satisfaction. Austerity, the cornerstone of socioeconomic policy in these peripheries for a decade, has had a negative impact on life satisfaction.

educated, the elderly and residents of rural and peripheral areas have had to bear the brunt of austerity instead of benefitting from the single currency, the growing "temptation of nationalism" in the region should not be a surprise. They have taken up space vacated by both neoliberals and social democrats and can present themselves as guardians of ordinary people vis-à-vis the elitism of the EU and the free market, conveyed in terms of mass migration and lack of respect for the nation state sovereignty.[5]

6. Conclusion

This article has documented the decline of social Europe and ventured into ways to recalibrate it. The particular irony involved here is that the disintegration of welfare and social cohesion in the old continent have stemmed from the Maastricht Treaty of 1992—a milestone for further EU integation—and its decisive creation, the single currency. The progressive unravelling of Europe, of which the latest development is the rise of the nationalist international spearheaded by prominent right-wing politicians and ideologues, has brought out the constituitive flaws of this treaty, and the development trajectory it gave rise to, unmistakably to the fore.

In sum, the limitation that membership in the euro area set on what is politically feasible for states, the punitative measures applied in the sovereign debt crisis and normalization of austerity across the continent with only few exceptions are the main lessons to be learned from the grand experiment of single currency and the negative integration through competition that it has fostered. If the Maastricht set in motion a one-size-fits-all euro area, unreceptive towards national and regional economic differences, then austerity and the so-called structural reforms only compounded failure. Yet, quite clearly, such an ill-suited medicine was always likely considering the lack of democratic accountability within the Union and, even more, the executive power of the dense network of

5 Van der Walt (2019) argues in her aptly titled article, 'Populism and the yearning for closure: from economic to cultural fragility', that Eastern Europe is susceptible to far-right politics because of the profound changes that have taken place in the region in the last 30 years. The transition from state socialism to neoliberal capitalism has come with the cost of widespread insecurity: the life-world of society has repeatedly had to adapt and make concessions to the systemic requirements of capitalist economy. It is therefore security or stability in one's social existence that speaks to many people in the far-right rhetoric. It is this yearning for stability (and closure) that (neo) liberal democracies cannot satisfy. In the absence of a credible social-democratic alternative, the door has become open to the far right.

extra-mural governance of the Eurogroup, bureaucratic and financial treasuries and senior officials of the Commission's economic and financial affairs and bankers.

After engaging critically with the European status quo and its underpinnings, I sought to tackle the economic and political malaise of the Union. I turned to the recent proposal, lead by a group of prominent French intellectuals, titled 'Manifesto for the democratization of Europe' (Boujou *et al*., 2019). The Manifesto is significant precisely because it endeavours to recalibrate social Europe. The Parliamentary Assembly and the shared budget that form the substance of the Manifesto represent significant steps to overcome the disparity between economy and democratic politics. However complicated its political prospects at the current juncture of emboldened far right, and the European Union reluctant to undertake far-reaching reforms, the initiative to achieve European convergence and solidarity instead of growing polarization can be dismissed only at our increasing peril. Both are the *condicio sine qua non* for rekindling the spirit and practice of social Europe hospitable to a sense of hopeful future and human well-being.

Martin Aidnik has recently defended his PhD in sociology at Tallinn University, in Estonia. His thesis is titled *A Study of Utopia in Zygmunt Bauman's Social Thought: Humanistic Sociology and Citizen's Income* (2018). His research interests are classical and contemporary social theory, utopian social thought, citizens' income and sociology of higher education. His recent publications include an article on Zygmunt Bauman's and Ernst Bloch's humanism in *History of the Human Sciences* (2017) and an article, together with Erle Rikmann, on citizens' income discussion in Estonia in *Journal of Baltic Studies* (2018).

References

Adelman, J. & Delatte, A. N. (2019), 'Europe's constituent moment,' in *How to democratize Europe*, Cambridge, MA: Harvard University Press, pp. 89–94. https://doi.org/10.4159/9780674239616-010

Adorno, T. W. (2000), *Introduction to Sociology,* Cambridge: Polity Press.

Adorno, T. W. (2019), *Aspekte des neuen Rechtsradikalismus. Ein Vortrag*, Berlin: Suhrkamp Verlag.

Aiginger, K. & Guger, A. (2006), 'The European socioeconomic model,' in A. Giddens, P. Diamond & R. Liddle (eds.) *Global Europe: Social Europe*, Cambridge & Malden, MA: Polity, pp. 124–150.

Azmanova, A. (2009), '1989 and the European Social Model: Transition without emancipation,' *Philosophy & Social Criticism*, vol. 35, no. 9, pp. 1019–1037. https://doi.org/10.1177/0191453709343384

Baier, W. (2016), 'When winter came in July: the left has to rethink Europe,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *The Enigma of Europe*, London: Merlin Press, pp. 34–44.

Baier, W. (2019), 'Lenin, Luxemburg, Bauer – the left and the national,' in W. Baier, E. Canepa & H. Golemis (eds.) *The Radical Left in Europe – Rediscovering Hope*, London: Merlin Press, pp. 73–84.

Baier, W.; Canepa, E. & Himmelstoss, E. (2016), 'Preface,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *The Enigma of Europe,* London: Merlin Press, pp. 7–9.

Balibar, E. (2016), 'More than ever: for another Europe! August 2015 theses,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *The Enigma of Europe*, London: Merlin Press, pp. 13–23.

Berman, S. & Snegovaya, M. (2019), 'Populism and the decline of social democracy,' *Journal of Democracy*, vol. 30, no. 3, pp. 5–19. https://doi.org/10.1353/jod.2019.0038

Blyth, M. (2013), *Austerity: The History of a Dangerous Idea*, Oxford: Oxford University Press.

Bouju, M.; Chancel, L.; Delatte, A. N.; Hennette, S.; Piketty, T.; Sacriste, G. & Vauchez, A. (2019), 'Manifesto for the democratization of Europe,' in *How to Democratize Europe*, Cambridge, MA: Harvard University Press, pp. 185–190. https://doi.org/10.4159/9780674239616-022

Busch, K. (2019), 'The crises of the EU and eurozone – national regression blocks solutions,' in W. Baier, E. Canepa & H. Golemis (eds.) *The Radical Left in Europe – Rediscovering Hope*, London: Merlin Press, pp. 194–204.

Caporaso, J. A. & Kim, M.-H. (2013), 'The Maastricht Treaty at twenty: a Graeco-European tragedy?' in T. Christiansen & S. Duke (eds.) *The Maastricht Treaty:*

Second Thoughts after 20 Years, London & New York: Routledge, pp. 85–106.

Christiansen, T.; Duke, S. & Kirchner, E. (2013), 'Understanding and assessing the Maastricht Treaty,' in T. Christiansen & S. Duke (eds.) *The Maastricht Treaty: Second Thoughts after 20 Years*, London & New York: Routledge, pp. 1–14.

Dinan, D. (2013), 'The arc of institutional reform in post-Maastricht Treaty change,' in T. Christiansen & S. Duke (eds.) *The Maastricht Treaty: Second Thoughts after 20 Years,* London & New York: Routledge, pp. 159–174.

Giddens, A. (2006), 'A social model for Europe,' in A. Giddens, P. Diamond & R. Liddle (eds.) *Global Europe: Social Europe,* Cambridge & Malden, MA: Polity, pp. 14–36.

Giddens, A.; Diamond, P. & Liddle, R. (2006), 'Introduction,' in A. Giddens, P. Diamond & R. Liddle (eds.) *Global Europe: Social Europe*, Cambridge & Malden, MA: Polity, pp. 1–13.

Gualerzi, D. (2017), 'Crisis in the eurozone: austerity and economic transformation,' *Review of Radical Political Economics*, vol. 49, no. 3, pp. 394–409. https://doi.org/10.1177/0486613417703970

Hennette, S.; Piketty, T.; Sacriste, G. & Vauchez, A. (2019), 'Draft Treaty on the Democratization of the Governance of the Euro Area (T-Dem),' in *How to Democratize Europe*, Cambridge, MA: Harvard University Press, pp. 66–86. https://doi.org/10.4159/9780674239616-009

Horkheimer, M. (1972), *Critical Theory: Selected Essays*, New York: Continuum.

Howarth, D. (2001), *The French Road to European Monetary Union*, Basingstoke: Palgrave. https://doi.org/10.1057/9780230510838

Kavan, J. (2018), 'Europe at the crossroads,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *Integration, Disintegration, Nationalism*, London: Merlin Press, pp. 36–51.

Kohler-Koch, B. (2013), 'Post-Maastricht civil society and participatory democracy,' in T. Christiansen & S. Duke (eds.) *The Maastricht Treaty: Second Thoughts after 20 Years,* London & New York: Routledge, pp. 125–140.

Lapavitsas, C. (2019), *The Left Case Against the EU*, Cambridge: Polity Press.

Lucarelli, B. (2014), 'The euro: a currency in search of state,' *The Economic and Labour Relations Review*, vol. 25, no. 3, pp. 484–496. https://doi.org/10.1177/1035304614548962

Matthijs, M. (2016), 'The euro's "winner-take-all" political economy: institutional choices, policy drift and diverging patterns of inequality,' *Politics & Society*, vol. 43, no. 3, pp. 393–422. https://doi.org/10.1177/0032329216655317

Meadway, J. (2012), 'The euro: crisis and collapse?' *Competition and Change*, vol. 16, no. 2, pp. 150–159. https://doi.org/10.1179/1024529412Z.0000000007

Monar, J. (2013), 'Justice and home affairs: the Treaty of Maastricht as a decisive intergovernmental gate opener,' in T. Christiansen & S. Duke (eds.) *The Maastricht Treaty: Second Thoughts after 20 Years*, London & New York: Routledge, pp. 33–50.

Murray, D. (2017), *The Strange Death of Europe: Immigration, Identity, Islam*, London & New York: Bloomsbury Continuum.

OECD (2019), OECD Better Life Index. Retrieved from http://www.oecdbetterlifeindex.org/topics/life-satisfaction/ [accessed 3 Dec 2019]

Offe, C. (2015), *Europe Entrapped*, Cambridge & Malden, MA: Polity.

Paggi, L. (2018), 'Maastricht as a "civilization" – historical fragments of an oligarchical culture,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *Integration, Disintegration, Nationalism*, London: Merlin Press, pp. 63–70.

Sacriste, G. & Vauchez, A. (2019), 'The Euro-ization of Europe: the extra-mural rise of the government of euro and the redefinition of the "European Project," in *How to Democratize Europe*, Cambridge, MA: Harvard University Press, pp. 9–45. https://doi.org/10.4159/9780674239616-004

Stiglitz, J. (2017), *The Euro: And Its Threat to the Future of Europe*, London: Penguin Books.

Streeck, W. (2014), *Buying Time: The Delayed Crisis of Democratic Capitalism*, London: Verso.

Streeck, W. (2016), *How Will Capitalism End? Essays on a Failing System*, London: Verso.

Streeck, W. (2019), 'Progressive regression: metamorphoses of European Social Policy,' *New Left Review*, vol. 118, July-August, pp. 117–139.

Troost, A. (2016), 'For fundamental reform of the European Economic and Monetary Union,' in W. Baier, E. Canepa & E. Himmelstoss (eds.) *The Enigma of Europe*, London: Merlin Press, pp. 201–209.

Varoufakis, Y. (2016a), *And The Weak Suffer What They Must? Europe, Austerity and the Threat to Global Stability*, London: Penguin Books.

Varoufakis, Y. (2016b), 'The universal right to capital income,' *Project Syndicate.* Retrieved from https://www.project-syndicate.org/commentary/basic-income-funded-by-capital-income-by-yanis-varoufakis-2016-10?barrier=accesspaylog [accessed 21 Sep 2019]

Vaughan-Whitehead, D. (2015), 'The European social model in times of crisis: an overview,' in D. Vaughan-Whitehead (ed.) *The European Social Model in Crisis: Is Europe Losing Its Soul?* Cheltenham: Edgar Elgar, pp. 1–65. https://doi.org/10.4337/9781783476565.00007

van der Walt, S. (2019), 'Populism and the yearning for closure: from economic to cultural fragility,' *European Journal of Social Theory*, pp. 1–16. https://doi.org/10.1177/1368431019866338

Wilkinson, M. A. (2019), 'Authoritarian liberalism in Europe: a common critique of neoliberalism and ordolibralism,' *Critical Sociology*, vol. 45, no. 7–8, pp. 1023–1034. https://doi.org/10.1177/0896920519837325