

The economic-financial crisis of 2008 had a very serious impact on the Eurozone. Its consequences, which cannot easily be restricted to the economic sphere, challenge the principles and rationales on which the process of European integration has until now been based.

IN BRIEF

Diversity is perhaps the word that best defines the challenges European integration faces today: some see it as an obstacle on the road to greater supranational integration, while for others it is rather an opportunity that must be explored and built on.

This is a deep crisis that the public debate has often attributed to the more general crisis of institutional and regulatory bodies of capitalism and of democracy in contemporary European societies, a crisis that affects the Nation States as much as the EU.

The crisis coincided with a period of expansion of the EU borders that has exposed the different ways in which the various European societies deal with the consequences of the crisis.

The differences in the economic order of these societies – in their 'varieties of capitalisms' <u>according to Peter A. Hall and David Soskice</u> – as well as in their <u>distributive conflicts</u> and in their political culture, also reflect the various social contracts within society, which in turn express their diverse interests and values.

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The processes of differentiation and integration take different shapes and are certainly unprecedented in comparison to those that once marked the birth of the European Nation States.

Structural changes have long prevented 'squaring of the circle' between economic growth, wellbeing and political stability through the normal processes of democratic legitimisation.

With the crisis, new divisions and new conflicts have become apparent. They are the result of unresolved issues lying at the heart of the decisions that led, on the one hand, to the single market and single currency and, on the other hand, to the expansion of the EU.

The problems that have immediately and clearly emerged concern the relations between the various EU member-countries, with special regard to the divisions aggravating the opposition between 'debtors' and 'creditors', and they call into question the lack of any form of solidarity between European states and citizens of different nationalities.

At the same time, we are witnessing the inception of conflicts east of the EU borders, which for the first time undermine the role of 'civil power' that Europe has taken on in the aftermath of the Second World War.

Usually these aspects are interpreted as a separate problem, unrelated to the other deeper and more painful consequence of the economic crisis: the issue of social cohesion. However, on the contrary, these are problems that must be seen as interrelated.

The structural processes of integration or disintegration, such as the ones that took place in Europe after the expansion of the EU and the fall of the Soviet Union, have a direct influence on social relations and also involve a new organisation of social life and a shift of the centres of power that regulate the distributive conflicts and preside over the recognition of individual and collective identities.

It is something that concerns the 'survival units', as <u>Norbert Elias</u> may call them. The consequences of these processes of integration and disintegration directly affect the social ties and forms of solidarity.

The issue of social ties is important because many rights and their corresponding policies, such as the policies for redistribution, require a generalised reciprocity between citizens (as in the case of the generational contract of pensions) as well as widespread solidarity (as in the case of social security).

The current economic crisis has exposed the negative impact of the concentration of economicfinancial power and the lack of political control over the well-being and living conditions of European citizens.

EU policies are seen as a factor that exacerbated the impact of the crisis on the lives of European citizens and created divisions rather than solidarity, social inequality rather than the spread of well-being.

As early as 1996, <u>Amartya Sen</u> warned Europe against accepting too high an unemployment rate, one of the most devastating phenomena for social integration, and most of all against the perils of 'anti-deficit extremism', which, in requiring drastic cuts to public spending, has high social costs.

The EU, on the contrary, stepped up the pace of integration, caught up as it was in the 'vortex of globalisation', <u>as Gerard Delanty calls it</u>, and regulated it through market principles.

<u>Wolfgang Streeck regards this form of regulation of the European integration process</u> as the precondition for the creation of the 'Consolidation State' in Europe, which took shape with fiscal consolidation, the liberalisation of national economies and a <u>multilevel governance</u>.

He believes that the EU contributed to the de-democratisation of the economy, making it more and more difficult for democracies to intervene with their policies on the internal distributive conflicts in the name of social justice, a principle that lay at the foundations of the welfare states which characterised Europe in the second half of the twentieth century.

In the face of the economic crisis – which appears more and more to be linked with a crisis of Western capitalism itself – these policies caused an increase in unemployment, the privatisation of

public services, a cut in workers' wages, as well as an increase in poverty and in economic inequality.

Weakening the Nation States' ability to redistribute wealth has a high social cost, and it results in the collapse of social structures. This means that the socio-structural and cultural conditions for economic growth are left lacking.

In other words, the mechanisms that produce the factors that are a prerequisite for a well-functioning economy – such as trust, reciprocity, solidarity, social ties – get jammed.

The austerity imposed by national policies strongly affected the States' ability to find a balance between the rights of their citizens and the demands of the market.

The growing interdependence between countries complicates the prospects of solving the tensions between economy, State and society: no government can escape international restrictions and duties, especially the ones posed by the financial markets.

The most evident phenomenon, which is a consequence of the crisis and erodes social cohesion at its foundations, is the growth and increasing visibility of inequality between the various individuals and social groups.

This inequality does not only concern income, but it is most importantly the disparity in the wellbeing and living conditions that characterises different social realities in the territories within the State, at the various national and regional levels.

The geography of these inequalities traces lines of fracture between North and South, West and East, which are reflected by a gap in the life chances of European citizens.

Putting the issue of the relation between crisis, social cohesion and European integration in these terms suggests that social 'disintegration' must be analysed and examined with the utmost seriousness, whether we take it from the standpoint of the (extreme) hypotheses of a 'disintegration' of the EU with no return, or from that of the proposals for reintegration based on new principles, that may significantly change the course.

The latter option can occur only with a new project of supranational integration aimed first and foremost at consolidating the social and democratic sphere and at giving nourishment to civil society in its various territories and different levels, within and without the borders.

Translated by Nicolò Crisafi

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Tag: <u>Amartya Sen</u>, <u>crisis</u>, <u>democracy</u>, <u>distributive conflicts</u>, <u>Eu</u>, <u>Europe</u>, <u>European integration</u>, <u>European Union</u>, <u>Eurozone</u>, <u>Nation-states</u>, <u>Norbert Elias</u>, <u>social security</u>, <u>Speakers' Corner</u>