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# Europe and Globalisation: the dangers and the assets

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**Abstract :**

The euro crisis has been so strong that Europeans' have tended even more to their traditional occupation of navel-gazing. But scrutiny of the Greek debt and the intricacies of the agreements made on banking supervision may indeed lead us to forget the main context i.e. globalisation to which the Union is trying to adjust. Of course globalisation significantly weakens what has been achieved, the comparative assets and the very model of European integration; this adds to the economic crisis a series of crises and challenges which are vital for the future of Europe. But globalization also brings to the fore the considerable assets held by the Union in the international arena, which political leaders have to acknowledge and make use of[1].

**Globalisation presents three main dangers for the European Union**

In many respect common sense is never wrong: the new world is full of extremely negative factors as far as the integration of Europe is concerned. The first of these dangers is the relative weakening of its influence in the international arena. Even though Europe is still the world's leading economic and trade power it is suffering the systematic erosion of its global importance. Shrinkage firstly concerns demography: in the 19th century, when it was at the height of its colonial expansion, Europe comprised 22% of the population. This is what China weighs now, whilst Europeans now only count for 7% of the world's population. This decline contributes towards the general shrinkage of the West in globalisation: in 2030, two inhabitants out of three in the world will be Asian. Globalisation is no longer and will no longer be fashioned mainly by the values, the power, the countries and the interests of the western block. For Europeans this demographic decline goes together with a net ageing of the population, unlike in the USA: in 2015 the number of deaths will be higher than the number of births in the Union[2], which runs alongside worrying prospects about innovation, of tensions on the labour market and the financing of retirement pensions. As for the weakening of the Union's economic power, the figures speak for themselves. The Union's share in world trade is declining to the benefit of the emerging countries and especially China. It decreased from 19% in 1999 to 16% in 2010[3]. The spectre of

stagnation and even economic recession continues to haunt European performance, with growth prospects below 3% over the last five years and below 0.5% in 2013. As a comparison, the ascension of China is spectacular: in 2012 it represented 20% of the world's population, 30% of world growth, 10% of the world's wealth.[4] Finally in terms of energy the Union finds itself in a situation of alarming dependency: its economy is dependent to a total of 60% - in terms of oil and gas supplies - from three of the most unstable areas of the planet, Russia, the Middle East and Africa. And the Union's ability to influence these three regions politically is extremely limited.

The second danger which Europe faces is that of increasing political marginalisation, whether this implies to international security management or the drafting of new world governance rules. On the one hand, the weakness of its political integration is preventing it from forming an effective hub of influence. As a Union it has no voice in the major international, economic or political institutions, except for within the WTO. But the Member States which take part in these bodies, whether this is the UN, the IMF or the G20, weigh relatively little in comparison with the USA or China. The Union sends no less than eight representatives to the G20, but this quantitative over-representation is paid for by notoriously low political influence. On the other hand the inexistence of a common foreign policy prevents the Union from influencing the development of its own environment. The Europeans were divided over the American intervention in Iraq in 2003,

1. This text has been published in "The Schuman Report on Europe, the State of the Union 2013", Springer Verlag Editor.  
2. Eurostat, 26th August 2008.  
3. Originally 19% of the world's exports in 1999, in 2010 is only counted for 16% of these exports (in comparison with 14 % for China, 11% for the United States). European Commission Report: The EU's Trade Policy, 2012 Toute l'Europe's website, 23rd February 2012.  
4. Daniel Cohen, Homo Economicus, Albin Michel 2012, p. 113.

likewise they were unable to stand together in 2012 on acknowledging Palestine in the UN. France and the UK on the one side and Germany on the other, were divided over the military operation undertaken in Libya in March 2011. And when division is not clear, it is simply the lack of vision which prevails: the Israeli-Palestinian Peace Process, the development of Russia, the future of the Arab Revolutions, that of Afghanistan and Iraq after the American withdrawal, the future of nuclear Pakistan, are all major issues on which the Europeans prefer to be silent and to align with American decisions.[5] Indeed in many cases the Euro-American partnership embodied by NATO serves as an alibi to the Europeans for avoiding strategic responsibilities and delegating the permanent management of their regional security and planetary stability to the USA.

Together these dynamics add to the major crisis experienced by Europe at present. The crisis is primarily that of the European model as a whole: neither the citizens of Europe, nor the partners exterior to the Union now believe European integration to be an exemplary success. Impoverishment and the recession are now present in all Member States, feelings are emerging from the ashes of the past, solidarity is replaced by a new North/South split that could potentially cause the implosion of the euro zone (Greece), or cause political ill-feeling about the countries in difficulty (FRG), and even the withdrawal of one of the Member States (UK). The attractiveness of Europe, its famous "soft power" no longer bears the virtues of the past. In Europe itself citizens are also concerned about shortcomings in the European project, the effects of which the economic crisis accentuates. Primarily we might speak of an identity crisis: the trend towards enlargement since 2004 continues to confuse the frontiers of minimal solidarity, triumphantly Jacques Delors lauded by as "wanting to live together", which might define the Union's collective project. The border crisis in the East is supplemented by an identity crisis in the West, in that Europe no longer knows whether it should melt into a global West led by America or whether it can represent an identity axis with specific influence in the West. Then there is a crisis of efficacy: Europe, in the opinion of a growing number of citizens, no longer "delivers" the benefits which past generations have

been accustomed to. Worse still it is often seen as an ultra-liberal player whose choices are held responsible for the economic and social impoverishment of the middle classes. Unemployment in the euro area stood at 12.1% in October 2013; more than 3, 5 millions persons under 25 are now without a job in the euro area. The problem also lies in the functioning of the Union because the crisis has challenged the effectiveness and the pertinence of the Lisbon Treaty; once this was deemed to be the last major institutional effort to be made by the Union but it has been of marginal use in the management of the crisis, to the point that other treaties, Fiscal Compact in 2012, Political Union tomorrow, have become necessary or are seen as such. It is finally a project crisis, in that there is no longer any agreement between the Europeans on the role and the finality of the Union in globalisation. Should it see itself as collective protection against the imbalances of globalisation? Or, conversely is it a springboard and a necessary stage to succeed within the world economy? Should the Union suffer the rules of the global game, at best protecting itself – at worst by avoiding them? Should it, on the contrary, aim to take part alongside other powers in drafting new rules for globalisation in the future? Originally, at the time of the Rome Treaties, the political project for European integration seemed clear: it was about Franco-German reconciliation and the return of prosperity to Western Europe. It was also legible when communism collapsed: it meant reconciliation between the two halves of Europe and helping towards the democratisation of the former communist countries. The project in the 21st century still lacks a major mobilising narrative.

Citizens are quite naturally the reflection of this profound crisis. Only 31% of them trust in the Union in May 2013 whilst 50% believed the same in 2006[6] : this is the lowest rate recorded in five years. It is as if the feeling was spreading in Europe that the basic contract of the European adventure - that of political solidarity and shared economic growth, has been broken. The two major issues for the future of Europe are still without an answer: does the European project still make sense in the context of globalisation? Is growth still the pivot and the inevitable horizon for the economies in the West?

5. See the chapter by Nicole Gnesotto on the European Union in the collective work by Pierre Hassner, *Les relations internationales, La Documentation française, coll. Les Notices, December 2012.*  
6. Cf. Eurobarometer 79, May 2013.

## Real assets

However should we deduce from this that the European Union is doomed to disappear as an influential axis in globalisation? Obviously several factors force us to attenuate the darkness of these short and mid-term prospects. The first of these is of course the Union's economic power. Even in these times of major crisis Europe still weighs 19% in the world's GDP, which makes it the world's leading economic power. With nearly half a billion inhabitants it weighs much less than Asia demographically, but it represents a much bigger market than the USA or Japan. Since its enlargement to 28 it has become the biggest area of democratic stability on the planet, with revenue per capita of nearly \$30,000. As for the euro zone, it alone ensures 20% of world trade<sup>[7]</sup> and if we include intra-community trade, the percentage rises to 42%.

The European Union's second asset is that its power of attraction is still considerable. From a monetary point of view the euro has become the world's second reserve currency, capitalising around 24% of the reserves in world trade in 2012 in comparison with 18% when it was launched.<sup>[8]</sup> The Union's ability to produce standards, its legal know-how, also make it a player that is well adapted to the complexity of world economic competition. From a political point of view, the number of candidates for enlargement is constantly growing: in July 2013 Croatia became the 28th Member State of the Union, whilst five other countries are on the candidate list (Iceland, Montenegro, Macedonia (FYROM), Serbia, Turkey). The euro zone crisis seems therefore to be one of public finances in some Member States and not a euro crisis or even of the attractiveness of the European project.

The third asset is that the European Union's mode of governance is striking because of the modernity of its principles: power sharing between all members, minimal redistribution of wealth between rich and poor, permanent negotiations in the quest for a legal order, these are the basic rules that have governed the functioning of Europe since 1950. And the driving principles of new world governance should be like this. In spite of their internal crisis Europeans have the keys

to restructure the international system adapted to the complexity of globalisation, to the multiplication of the players involved, to the need for legitimate, effective institutions. If they were determined enough their power of influence in the debate over world governance might be considerable.

The fourth asset is the modernity of the principles of the European Union's action. First and foremost this is the case from an economic and financial point of view: a more moderate acceptance of the idea of the omnipotence of the markets, the need for a certain amount of political regulation in world trade and a minimal supervision of financial operators, together with a role for the State in support of a dose of protection and social cohesion – these are the factors of a European model for economic and social development which, with the crisis, have become more pertinent than the ultraliberal model put forward by the Anglo-Saxons. This is also true from a strategic point of view: the European vision of global security, proclaimed from 2003 on, in the European security strategy, continues to be confirmed by facts from across the world: that democracy cannot be forced upon a population, that military power is neither the only nor the leading instrument in crisis management, that dialogue with all and multilateral negotiation, are vital for the prevention of conflict, that poverty in the world is as destabilising as the violence of terrorism – this catalogue of common sense is indeed at the heart of the Union's strategic approach.

Above all the Union's major asset in globalisation involves its mass effect in terms of the nations. Not that these have become obsolete in terms of identification and political legitimacy – but in terms of collective, sustainable efficacy, their pretention to self-sufficiency is contradicted by the facts every day. Whether this entails climate change, future pandemics, the global issues that emerge with globalisation or solutions that can solve the economic crisis, or finally the response to major political strategic issues of the 21st century – the conditions for international security, support to the Arab revolutions, the fight to counter terrorism or nuclear proliferation – no solution is within the reach of one State alone – be it the most powerful on earth.

7. Thibault de Silguy, « Un peu de pédagogie sur l'euro », *Politique internationale*, n°128, Summer 2010.

8. Source IMF, quoted in *Le Figaro*, 29th June 2012.

Globalisation sacralises Nation-States as the legitimate players in international relations but it also shows their real inefficacy. Conversely, the European level, because of its coherence, size, its functioning structure, seems more promising in responding to the world challenges of globalisation, starting with the economic crisis itself.

### Three conditions for recovery

How can we give value to these European assets? Beyond the economic situation and the necessary adjustment policies in the Member States, three conditions seem to govern the revival of a consensual, dynamic European project. The first supposes the clarification of the choice between a strategy of restoration and a strategy of renewal. Since 2008 the leaders of Europe mainly seem to be attempting the restoration of the pre-crisis model: restoring the Maastricht Criteria and notably the rule of 3% thanks to the budgetary pact signed in 2012; restoring growth by the reform of public deficits and severe austerity measures. But nothing proves that growth and the purity of the Europe of Maastricht will be there at the end of the road. Hence the alternative advocated by others of a strategy to reshape European integration: whatever the flux of terms and intentions, the debate over Political Union renewal of the federal theme and proposals for greater Economic and Monetary Union, are all indicators of this strategy. France and Germany will play a decisive role in finding a more or less, harmonious solution to this dilemma.

The second condition entails rising above the historic split between the defence of national sovereignty and integration. The ascension of the European Council over the last two years bears witness to the enhancement of the national framework in comparison with the community institutions in terms of crisis management. The new budgetary pact is an intergovernmental treaty in the most traditional sense of the term, separate from the Treaties on the Union. France is the country where tension over State sovereignty is the most evident – in the realm of public rhetoric at least. But the reality of the situation is conversely proportional to policy making: in the world, as in Europe, nations have indeed lost the monopoly in terms of the efficacy and supervision of

the major economic or political stakes. Both ordinary citizens and State players have proven impotent and disheartened before the world's upheavals. Indeed globalisation is a paradox in that it makes the national framework increasingly necessary and yet increasingly sterile, desirable and ineffective, politically vital and totally inadequate. Without challenging the nations' legitimacy the leaders of Europe ought to acknowledge that the European level has now become the true condition for their effectiveness.

The third condition entails collectively setting the question of democracy. Generally globalisation highlights this issue again: does the ongoing enrichment of the planet help towards democratising the world? Will democracy be an automatic outcome of China's growth? Is the finality of the revolutions that began in some Arab countries two years ago? Do new sustainable correlations exist on the other hand – which lie between a certain type of dictatorship and economic modernisation, in other words, a Chinese model that is able to compete with the universal model taken forward by western democracies? These unknowns raise the issue of world policy in a much more serious way than the American neo-conservatives pretended to do in the past with their theory of democratic dominoes set off by force if necessary. But the newest element involves the question being set within Europe itself – in other words one of the most democratic entities in the world. The populist parties, and even far right movements, are achieving high scores in many Member States: in Hungary, Romania, Bulgaria and Greece, where neo-Nazis made a remarkable breakthrough in June 2012 with 18 MPs and 7% of the vote, the Netherlands, Finland, Denmark, Austria and France. Whilst the democratization of the neighbouring countries is still the watchword in the Union's external policy, it is within its own fold, that paradoxically it is experiencing a sometimes violent challenge to the values and foundations of democracy itself. The ageing of the populations is linked to this, likewise the impoverishment of a share of the middle classes. The incomprehensible technification of the European debate, notably regarding budgetary or banking federalism together oppositely with the extremely real "effects" of the austerity policies also strengthens the

13. Directive 2008/115/CE by the European Parliament and the Council dated 16th December 2008 relative to common standards and procedures applicable in the Member States to the return of third country citizens in a situation of illegal residence.

14. In 2012, Italy took in 15,700 asylum seekers, Malta 2000, Germany 77, 500 and France 60,500. Cf. Eurostat, "Asylum Requests in EU27: the number of asylum seekers registered in EU27 is up by more than 330,000 in 2012" Press release, 48/2013, 22nd March 2013, [http://europa.eu/rapid/Press-release\\_STAT-13-48\\_fr.htm](http://europa.eu/rapid/Press-release_STAT-13-48_fr.htm)

15. 3260th, Justice and Home Affairs Council meeting, 7th and 8th October 2013, press release.

16. HCR, "HCR observations on the European Commission's communication at the European Council and Parliament relative to regional protection programmes", 1st September 2005, [www.unhcr.org](http://www.unhcr.org)

17. Directive 2001/55/CE of the Council dated 20th July 2001 relative to minimal standards in terms of granting temporary protection in the event of massive inflows of displaced persons and measures that will guarantee a balance between the effort each Member State has consented to make to take in people and bear the consequences of this reception.

18. France 24, « The number of Syrian refugees is over 2 million according to the UN, » 3rd September 2013, <http://www.france24.com/fr/20130903-syrie-nombre-refugies-syriens-depasse-deux-millions-selon-le-hcr-humanitaire>

aversion of many citizens to Brussels and the rise of ideologies advocating the return to the nation, the rejection of foreigners and the hatred of globalised economic liberalism. It is urgent for Europe to break the silence and its official torpor in the face of this groundswell.

### Conclusion

Reviving growth, sharing sovereignty, defending democracy: it would be preferable that these principles feed the various technical roadmaps being drafted to emerge from the euro zone crisis. Indeed they might be fleshed out and provide virtue to the European governance model. And especially, they might be used as the base for the new political narrative which the citizens of Europe are expecting so that they can love Europe again in a globalised world.



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