

# Neue Gesellschaft Frankfurter Hefte

Journal of Social Democracy

2

2019

€ 3,80

**Angelica Schwall-Düren**

**At the Crossroads?**

**Europe faces a choice**

**Björn Hacker**

**Rehabilitating Europe:**

**Helping the EU transition from  
scapegoat to problem-solver**

**Günther Schmid**

**The Idea of Europe is in Mortal**

**Danger: How to strengthen Europe's  
social support system and consolidate  
its international role**

**Alexandra Borchardt**

**Why We Have to Defy the »Tyranny  
of Efficiency«: The power of high-tech  
firms and the dangers they pose to  
freedom and democracy**

INTERNATIONAL QUARTERLY EDITION

<b>1</b>	<b>Editorial</b>
<b>2</b>	<i>At the Crossroads?</i> <i>Europe faces a choice</i> Angelica Schwall-Düren
<b>8</b>	<i>Rehabilitating Europe:</i> <i>Helping the EU transition from scapegoat to</i> <i>problem-solver</i> Björn Hacker
<b>12</b>	<i>»The EU has to do its Homework«:</i> <i>Future challenges of a new world order</i> A Conversation with Thomas Risse
<b>16</b>	<i>The Idea of Europe is in Mortal Danger:</i> <i>How to strengthen Europe's social support system</i> <i>and consolidate its international role</i> Günther Schmid
<b>23</b>	<i>Why We Have to Defy the »Tyranny of Efficiency«:</i> <i>The power of high-tech firms and the dangers they</i> <i>pose to freedom and democracy</i> Alexandra Borchardt
<b>26</b>	<i>Not a Slam Dunk:</i> <i>Regional organizations: building blocks of a new</i> <i>world order?</i> Simon Koschut
<b>29</b>	<i>The Power of the Elites, the Evangelicals, and the</i> <i>Left's Missed Opportunities:</i> <i>Where is Brazil headed?</i> Katharina Hofmann de Moura

Elections to the European Parliament are just around the corner. They will take place in May. The European Union has reached a crossroads, where the voters will decide whether the Community will find a way out of the current crisis or perhaps fall even deeper into it. The latter outcome would be practically unavoidable if the right-wing populists, who recently have grown stronger in a number of member states, should manage to gain a significant number of seats, as has been widely predicted. As a matter of fact, during the legislative term now expiring, the Union has failed either to get a handle on its crucial problems or to build bridges across the chasms that divide its members and the people they represent. Meanwhile, the Brexit issue continues to simmer, taking on ever more absurd forms. The agreed-upon date for the United Kingdom to leave the EU already has passed, and for now it is hard to foresee how things will turn out. The only positive aspect emanating from this tragicomedy might be the strong signal it sends to populists in other member states that they should not gratuitously talk the populations of their own countries into a pro-exit mood. The radical polemics of populist politicians like Viktor Orbán in Hungary against »Brussels« and its representatives are stirring up troubles of just these kinds. The looming danger is that the two large party »families« that until now have been able to muster stable majorities in the EU Parliament, the Christian Democrats and Social Democrats, will lose support, enabling a united far-right populist bloc to exercise true veto power. In that case, it would be impossible to make any progress on further integration.



While in the run-up to the elections the Social Democrats are calling for greater solidarity in social policy, the Christian Democrats are emphasizing the need to consolidate and stabilize financial policy within the Union and expand cooperation on foreign policy. But so far there is no solution in sight for the vexing problem of how to deal with refugees and distribute them equitably among the member countries. That deepens the divide between the western European countries, who insist upon it, and the key eastern European countries, which thus far have shown zero willingness to compromise on this issue. At any rate the electoral campaign offers a good opportunity to lay out once again for the public the most persuasive arguments in favor of reinforcing the power of a united Europe at a time when the liberal world order is getting shaky. In truth, no single member state can defend its own interests effectively enough without being backed by a Europe that stands together.

*Thomas Meyer*

Thomas Meyer  
Editor-in-Chief and Co-Publisher

*Angelica Schwall-Düren*

## **At the Crossroads?**

### **Europe faces a choice**

Financial meltdowns in the eurozone, a crisis over migration, Brexit, violations of the rule of law and the stability pact – the EU is staggering from one crisis to another without ever really solving any of them. For that reason, many people already think that the Union is falling apart and its end is inevitable. Others hope that the very accumulation of crisis symptoms will supply the impetus to change the EU in fundamental ways that will give it a better chance to meet those ongoing challenges.

If the EU does not wish to dwindle into international insignificance, it will have to find a way to enhance its capacity to act. That observation is not to be understood as an endorsement of old-fashioned great power fantasies. Rather, the question is whether this continent will be able to continue standing up for the lessons it has learned from the past: finding peaceful solutions for conflicts, defending democratic arrangements, honoring the rule of law, living in accordance with equal rights and cultural values, and – last but not least – preserving prosperity. A collapse of the EU would entail dangers in all those areas, some of which would threaten the community from outside, while others would emerge even in its domestic affairs.

It is not simply a matter of defending European values; rather, what is at stake here is whether Europe will have the energy to stop climate change, put an end to (or at least contain) bloody conflicts, address the causes of migratory flight, or eliminate the prosperity gap between states and regions and within societies. Considering how thoroughly integrated the world's economic, communications and military networks have become, no individual country, even one as strong as France or Germany, is any match for that list of challenges. It will take a united and strong EU to master them. In this context, France's President, Emmanuel Macron, speaks of the »need to construct European solidarity.«

To try to determine whether Europe is drifting toward breakup or whether the continent will find its way toward renewed unity and strength, we need to take stock of its current situation and analyze the causes of its problems. The EU's fragmentation began with the financial meltdown and the subsequent banking crisis, yet these are not the sole reasons behind the rising tide of euroskepticism and the ascendancy of governments with a populist/nationalist orientation in some member states. Nor is it the case in every such country that euroskeptical movements amongst the populace have emerged in parallel with like-minded governments. In this context I would distinguish three groups.

One such group includes economically troubled countries with high levels of unemployment and sovereign debt, a set of conditions that have induced the EU to demand that they institute strict austerity policies. Certain countries of the south, such as Greece, Italy, and even France in a certain sense, fall into this category. In Greece, every government (whether social democratic, conservative, or originally left-populist) ultimately has accepted austerity policies despite their severe impacts.

Yet even so the country's economy still hasn't recovered enough to reduce the high rate of unemployment. To make matters worse, for years the EU, egged on by Germany, has used the Dublin Accord to force Greece and Italy to cope with a flood of refugees all by themselves.

Up to and including the last elections, the Italian population has not been persuaded that the austerity policies adopted by the previous Partito Democratico-led government really would lead to an improved labor market or social situation. Consequently, that government was voted out of office. Anti-establishment forces such as the Five Star Movement and the right-wing populist, xenophobic League are now locked in a battle against the EU and refuse to abide by any of the guidelines laid down in the stability pact. In France Emmanuel Macron did manage to win the presidential election against Marine Le Pen of the far-right National Front (now the National Rally) by running an emphatically pro-European campaign. But let's not deceive ourselves: one-third of the French electorate favors a policy that would turn its back on Europe and abandon the euro. Moreover, the budget-cutting policies adopted by Macron have evoked vehement protests among the French population as the example of the *«gilets jaunes»* (yellow vests) indicates.

A second group, in which populist-euroskeptical attitudes are spreading and even starting to influence the discourse of genuinely pro-European parties, includes the *«net-payer»* countries such as Germany, the Netherlands, and Finland. There we encounter a mood of anti-solidarity summed up by the slogan: *«We don't want to be milk cows for the Europeans who don't do their homework.»*

A final group comprises the countries of east-central Europe. They do indeed wish to profit from EU funding, but without *«giving up»* the sovereignty they gained after the demise of the Warsaw Pact by adhering to a set of common rules and values. Their governments are the successors to ones that, following neo-liberal economic precepts, neglected the concerns of the losers in the transition away from communism: i.e., people whose skills were no longer needed and who struggled with insecure jobs and low incomes. Leaders such as Jarosław Kaczyński in Poland or Viktor Orbán in Hungary have promised them support within a nationalist framework.

In all these countries a large group of people has undergone a similar experience. They see that economic prosperity has been distributed increasingly unequally and/or they fear that they too will be threatened by downward economic and social mobility in the foreseeable future. These worries are being reinforced by the *«crisis of migration,»* even though migrant numbers as a share of the population size in each of the respective member countries vary significantly. Anxiety about losing one's job or apartment – or, for that matter, simply the fear of the *«aliens»* themselves and their culture – predisposes these people to hope that the nation-state will rescue them. The inhabitants of certain member states feel abandoned by the EU and consider it the source of their woes. And many heads of government have done nothing to counteract that impression; instead, they keep encouraging such perceptions for their own political gain.

In addition, the EU will be weakened further by Great Britain's departure. True, the worry that Britain could set an example for other countries has proven to be

unfounded thus far. The net recipients of EU funding prefer to keep on profiting from the EU's largesse in the future. Yet all-important economic cooperation within the EU obviously will be damaged by the departure of such an important country as the United Kingdom. Moreover, the loss of such a large net-payer as Great Britain will not make it any easier to finance European convergence policy.

One outcome of the splintering of the EU is that it becomes ever more difficult to make joint policy. Individual member states use their veto power to block common projects that require unanimous consent. Member countries such as Poland and Hungary do not respect majority decisions, e.g., those concerning migration policy. Indeed, some member states do not even adhere to decisions that they themselves helped to formulate, such as Italy with respect to the stability pact.

### **Will Europe revert to joint policymaking after the European elections?**

The Europeans mustered unity for the Brexit negotiations. Donald Trump's unilateralism has helped the Europeans to stand together. Still, there is reason to fear that his »America First« policy will encourage the renationalization trends in some of the EU member states and thus end up driving them farther apart. And what Wolfgang Merkel calls the »illiberalization« of the Visegrád countries clearly reveals the limits of »deepening.«

Consequently, the European elections of 2019 will be of existential importance. The make-up of the European Parliament will be decisive for the preservation of the EU. Up until now the Parliament, or at least its great majority, constituted a seedbed of ideas for a united Europe. It may turn out that, in the wake of the next elections, the Parliament will be controlled by anti-Europeans. If that were to happen, not only would liberal democracy be in jeopardy, but so would European prosperity, not to mention the fact that European countries would be virtually defenseless in the face of global challenges.

Things could even get ugly if the euroskeptics emerged strong enough in the Parliament to pressure all of the pro-European forces into forming a coalition to protect the EU. Compromise formulas would be necessary: not a good starting-point for forward-looking policymaking. But by now it is far too late merely to maintain the status quo. The Union's citizens expect solutions that strengthen social cohesion and sustain ecological equilibria while supporting a democratic culture.

The future of social peace in Europe is at stake. This is the case because in every country in which euroskeptical voices have been raised or governments that represent such views have come to power, discontent with social developments has played a crucial role.

Considering the difficult situation in the EU on one hand and the enormous challenges facing it on the other, we will need courageous, visionary, strong, and charismatic politicians. Emmanuel Macron appeared to be one of them. As early as in the presidential election campaign and then repeatedly in his various speeches afterward he laid out his ideas and invited Germany to seize the initiative along with him.

As a matter of fact, German-French cooperation in the past has moved the EU forward, precisely because the two countries, because of their different histories and

cultures, did not initially have the same approach to European issues. But do German-French initiatives today still have a chance of engaging other member states? That depends on the nature of the issues and whether smaller member countries also were involved in the early stages, always a smart move. Here is a case in point: There are 25 member states in the EU involved in PESCO (Permanent Structured Cooperation), a collaborative project in the areas of security and defense policy.

After giving President Macron the cold shoulder on European questions for quite some time, Germany and Chancellor Merkel finally seized upon one element: a joint European army. Yet in spite of the Meseberg Declaration, the German government has been half-hearted in its reception of Macron's other ideas. It is doubtful whether a »defense union« is the kind of initiative that all the member states actually would be willing to endorse. Poland, for example, is afraid of a confrontation with the USA and neglect of NATO, which represents its paramount security guarantee.

While it is true that the populations of EU countries expect their governments to provide security, they associate that less with military power than with police cooperation and border protection. Furthermore, there is little sympathy for raising defense spending while the social infrastructure is getting short shrift. Macron's »Europe that protects« (*L'Europe qui protège*) has to be construed more broadly than merely as a way to fend off crime and terrorism such as via a European scheme of border protection.

Would it be reasonable to expect that, in the wake of Great Britain's imminent departure from the EU (assuming that it actually comes to pass), the remaining 27 member states will unite behind far-reaching reforms based on German-French ideas? Or should we suppose that Britain might remain in the EU if a second referendum should be held? Would that outcome hamper the process of integration still more or would there now be a willingness to call for a convention that would cast the die in favor of a further development of the EU?

The EU has a fat notebook full of homework assignments, and over the years some answers have been sketched out and discussed. Against that background – especially the fact that citizens are looking for social convergence above all else – the creation of a social union is the top priority. The latter would be developed step by step through a »pact on social stability.« The labor unions have proposed a »social progress clause« to make it impossible to pass new laws unless they also entail some improvement in the social situation of the citizenry. Minimum social standards for the EU need to be developed. An important step in that direction would be European-level unemployment insurance.

The social union cannot go forward unless one basic precondition is met: There must be enough well-paid jobs available. For that reason, the EU needs a properly designed program for sustainable investments. We can create the prerequisites for this by making a serious and ongoing effort to combat tax evasion and ending »tax dumping« by certain member states. The levying of a digital tax and a financial transactions tax is long overdue; both will insure that »new value creation« will contribute its fair share to the financing of the commonwealth. The European banking union is an important prerequisite for stabilizing the monetary union.

But it is questionable whether such a far-reaching expansion of the EU is attainable as long as the governments of one or a few member states can put the brakes on progress over and over again. Consequently, their influence must be limited while the remit of the European Parliament is broadened. The Parliament must be converted into a fully empowered legislative body chosen not only through general, direct, and secret ballots but also elections based on complete equality. Then there should be a European government fully responsible to the European Parliament so constituted.

Many of the elements mentioned here are to be found in Macron's proposals, e.g., a »true« European asylum authority, a program for education and integration, an autonomous eurozone budget to provide financing for social investments, a European finance minister overseen by the EU Parliament, tax harmonization, a digital and financial transactions tax as well as a tax on CO<sub>2</sub> (Macron recently came to grief for trying to increase this in France), a campaign against tax avoidance in Europe, trans-national lists for elections to the European Parliament, and a downsized EU Commission. Some of these items, for instance the digital tax, the eurozone budget, and the banking union, also can be found in the German-French Meseberg Declaration. Nevertheless, the German government lags far behind Macron's vision in giving these proposals concrete form. While offering formulas of agreement, it demurs when it comes to implementing those schemes or at least drags its feet as long as possible. The passionate European élan of President Macron is in danger of being frittered away. To forestall that outcome, Germany will have to send a strong signal indicating how it intends to breathe life into the initiative.

The most appropriate way to revive the enthusiasm for Europe once felt by the continent's peoples would be to give concrete form to some of Macron's proposals, the implementation of which Germany has thus far prevented: social standards, a European-level policy on migration, investments, the banking unions, etc. Thus, for example, Gesine Schwan has suggested setting up asylum control centers in line with the accepted Dutch method. Municipalities could make use of a Europe-wide contact exchange to compete for funds that would serve to expand the infrastructure for both locals and migrants. In any case it would be important for countries that have committed to make stronger efforts at integration to carry on a dialogue with the skeptical member states and to sound out possibilities for meeting the latter halfway.

Prospects for implementing this ambitious program would improve if the southern European countries, in particular, could expect greater solidarity from Germany. Although the rhetoric of our country is quite pro-European, its policies are at best half-hearted. In fact, it is even frequently the case that alleged German interests are ranged against a common European policy. We can cite two instances: austerity policy and foot-dragging on the project of a banking union. This is a myopic policy. Germany, the world champion exporter, is living at the expense of others. Its behavior is perceived as lacking in solidarity on a number of fronts: its refugee policy in the context of the Dublin Accord, the Nordstream pipeline issue, and the social savings requirements it has imposed on the »program countries.«

People in Germany must come to the realization that prosperity and liberal democratic values can be maintained only if those in other member states likewise enjoy



positive development. By no means does that entail a policy of »leveling,« but it does imply positive complementarity. Why is it seemingly so unthinkable that industrial metropolises should make transfer payments to regions that have preserved their natural heritage, thereby making available recreational space for other Europeans?

As long as even a few member states refuse to agree to a further deepening of the Union, the only option left is for a »coalition of the willing,« relying on intensified cooperation, to move ahead in new areas of regulation. At this point, because of the Italian government's political outlook, we cannot even assume that the old »core Europe« will hold together. The complexity of the EU might even increase, because the field of a »Europe moving at different speeds« might broaden. But assuming that this core-European »alliance« remained open to further potential entrants, and that cooperative arrangements proved to work well, its attractiveness would grow. There might even be a wave of new members joining that would round out the integrated EU over the years.

Europe's populace can be won over only if they see for themselves that – and how – political forces within the EU want to build a Europe based on solidarity. Here, the slogan »Dare more Europe« is not sufficient. The SPD should not go along with the lukewarm policies of the CDU and CSU, the »Union« parties. A more far-reaching and radical project is urgently needed, one that offers a preview of the future that is to be attained. Although Macron's proposals are welcome, they still don't go far enough to bring about a really decisive advance.

A new balance must be struck on programmatic grounds between unity and diversity (Gesine Schwan and Mario Telò, *NG/FH* 11/2018). This is so because nationalism and European unity are mutually exclusive. But a political union has room for pluralism and diversity. We can begin with a limited number of clearly formulated and acceptable concrete goals that can be implemented in every country. These goals could include: a common migration policy, an economic and employment policy that creates jobs for young people, and a common European foreign policy. The end result should be a Europe of solidarity. »Since the Maastricht Treaty, the principle of subsidiarity has become a constitutional norm and the realistic vision of a European Republic of nation-states gives full scope to both poles, the nations and political union.« (Thomas Meyer, *NG/FH* 11/2018).

In terms of structure, a European government responsible to the Parliament is needed. A federal »European Republic« featuring functioning subsidiary structures must »disempower« the member states. Since that goal cannot be attained today with all member states, we will have to lobby for every single partial goal, if need be even in the context of intensified cooperation. If those efforts succeed, then the number of the states who want to get on board will increase.



**Angelica Schwall-Düren**

was deputy chair of the SPD's parliamentary contingent and Minister for Federal Affairs, Europe, and Media in the state of North-Rhine Westphalia.

Björn Hacker

## Rehabilitating Europe

### Helping the EU transition from scapegoat to problem-solver

To continue making progress, Europe will have to change. Indecisive circling over numerous conflict zones and constant tacking from one crisis to the next have weakened the continent and sapped its unique power to forge unity. To blame this community (certainly not at its best right now) for a lot of the discontent, anxiety, and worries about the present and the future of the global community, the state, the economy, social cohesion, and much more, including ultimately one's own position in a now-inscrutable world, is about as simplistic as you can get. Given that the EU is on the defensive and that the European Commission is already doing mock retrenchment scenarios on paper, broad-gauged plans for sweeping changes and reorganized remits easily garner support.

The nearly universal response to the crises and woes of our time is to call for either »more« or »less« Europe. To justify their demands, advocates of these alternatives invoke a plethora of mutually inconsistent conceptual pairs: Europeanization versus nationalization, market versus state, cosmopolitanism versus communitarianism, liberalism versus authoritarianism, cooperation versus rivalry. The contradictory dialectic in a survey of Europe reveals the »power of the complex society« (Armin Nassehi). But that is nothing new for what is perceived to be the transition from one era to another. In Robert Musil's novel, *Der Mann ohne Eigenschaften* (*The Man Without Qualities*), which is set in 1913, we encounter an aptly named general, Stumm von Bordwehr, who has been sent by the Ministry of War on a grand »mission of ideas« that runs parallel to his military one. He is trying vainly to create unity out of an »inventory of the stock of central European ideas« aired during his consultations: »A number of great ideas have been bestowed upon the present age, and – due to a special dispensation of fate – for every one of those ideas there is a counter-idea, so that individualism and collectivism, nationalism and internationalism, socialism and capitalism, imperialism and pacifism, rationalism and superstition are all equally at home in it. With them are associated the unused remnants of countless other opposites of equal or lesser value for the present age.«

The great parallel mission we are witnessing today is all about plans on the drawing board: on one hand, ideas for a Republic of Europe roughed out in studies and feuilletons, and, on the other, commitments to a Europe of nation-states expressed with great vehemence in the sweeping declarations delivered in the populist marketplaces or on talk shows. Either way, Europe is caught between a rock and a hard place. From both perspectives it is always five minutes before twelve, agitation is high, and doom is near at hand. But then, as Musil rightly pointed out, the present-day value of the ideas upon which each conceptual edifice is erected, remains very slight. The fracas over whether to turn the great wheel of integration forward or backward pretty much ignores the everyday worries and needs of ordinary citizens: about low-wage jobs, excessively high rents, insecure pensions, and inadequate edu-

cational or caregiving facilities. Today, the shoe pinches, in some cases quite painfully, due to failed globalization, the emergence of downwardly mobile societies, and the absence of credible political plans and alternatives.

The decision to build new intellectual pyramids, whether of a post-national Federal Republic of Europe or an autarkic, sovereign nation-state fails to express fully the resentment, the anxieties, and the worries generated by those socio-economic trends.

### **The cult of the market**

We can trace this growing disenchantment, occasioned by frustration with globalization, dwindling hopes for advancement, and post-democratic politics, to a cult of the market and its alleged capacity for self-regulation. That cult began in the 1980s in the United States and Great Britain, but eventually spread across Europe as well. Faith in the market has become a powerful religion. Although the market is supposed to be the servant of society, market competition long since has mutated into an end in itself, one that pushes society's claims to the back of the queue, while politics stands idly by. Some groups bemoan still-insufficient liberalization, others hope for supply-side reforms to bring the expected prosperity dividends, while still others proffer inconsistent repair plans. Action for the sake of action, devoid of any real will to change, is staged, past times are glorified, or everyone simply rearranges the deck chairs on the *Titanic* as it sinks. Still, the pivot from market worship to political creativity really could work, and not against but with the assistance of Europe. This is the case because the main areas of conflict in the EU, too, are characterized by the antagonism between markets and politics. This is the point at which we can start down a new path, one that promises to lead Europe and its citizens away from the abyss.

*First: Let's kindle new enthusiasm for the old Europe.* We will get nowhere by sticking with Merkel's ad hoc crisis mode, which says »Let's keep on doing what we're doing.« The EU's member states will have to give up muddling through and eliminate conflicts. To accomplish that, there is no need radically to redistribute responsibilities within the Union. What is on the agenda is neither the full statehood of the EU nor its partial or total phaseout. The illusion that we should go back to the nation-state as it was in the 1960s is shattered by its sheer incommensurability with the modern world and its helplessness in the face of global problems. Today, modest but purposeful progress following the well-tested, unfairly maligned *méthode Monnet* would do more to move integration ahead than sticking with the status quo and would be more realistic than grand visions of a new Europe.

*Second: The economic and monetary union should be completed.* As a stability union without correctives to its Maastricht architecture, the eurozone is condemned to be in permanent crisis mode or to fail. To rebuild it as a fiscal union will require the use of three indispensable tools: (1) a European stabilizer designed to counteract asymmetrical shocks – for example, a European unemployment insurance scheme; (2) guarantees that risks will be shared in case of a crisis – in the form of a fully realized banking union and a community loan; (3) macro-level dialogue, functioning as a European economic government, convoked at an early point to prevent the emergence of macro-economic disequilibria.

*Third: The European social model must be defended.* The current competition among welfare states to lower wages, taxes, and social expenditures harms the national systems. But also, by eroding high social standards, it damages one of its most important possessions, something uniquely its own. It is possible to remedy the asymmetry of European integration by imbedding the European Pillar of Social Rights in a social protocol and thus granting it treaty status and equal rank with the freedoms of the domestic market. The annual »European Semester« makes it possible to amend and complete the coordination of economic policies, as aspects of educational, social, and employment policy are introduced. But to make those amendments more binding, minimum standards and target values should be added that take into account different national developments. For example, this plan could be implemented by establishing a norm that would set the minimum wage at 60 % of the prevailing average wage in each case. In the eurozone, the focus on budgetary policy must be complemented by a social stability pact, the infringement of which would call for an excessive imbalance procedure.

*Fourth: We should facilitate integration by adopting a European investment agenda.* Except when finding solutions is absolutely urgent, there will be no consensus in the EU in favor of a system for redistributing asylum-seekers. To counter that lack of consensus, we must take advantage of the common interest in the protection of Europe's external borders, expanding its scope to include more than just border security and aiming at convergence of the asylum standards in the member states. At the same time, we should open up legal channels for well-trained migrants who wish to work in Europe, a policy that should interest countries with a dearth of skilled employees. The European Labor Agency should be responsible for selecting these skilled workers and devising a quota system that would regulate their entry into Europe. More important than the expansion of a European migration policy, though, is the long-term task of successfully integrating migrants. This is something that has to be fashioned and developed so as to include all members of society, the new as well as the old. The EU could support this effort by making investment funds available for the development of infrastructure projects at the local level.

*Fifth: Europe shapes globalization:* If one is inclined to lament the EU's crisis-proneness and weak decision-making and blame it for globalization-weariness, fear of downward mobility, and worries about the future, then one is barking up the wrong tree. Rather than the EU, it was actually the member states, through their national deregulation measures and ratification of European treaties designed to create markets, that opened the door to the dominance of market liberalism. The member states can close it again, but only if the EU backs them up by providing a regulatory framework. Once they have resolved their own crises, one can imagine them doing more, including everything from regulation of financial markets to standard-setting in the areas of labor, social welfare, the environment, and consumer protection, all to be embodied in trade accords. They could even attempt to shape a multilateral world order. Global risks are phony giants who can be slain by resolute joint action.

## It is still possible to switch paths

But where should we begin politically if we choose to give effect to the program sketched out here? The European elections scheduled for 2019 and the legislative period to follow, which lasts until 2024, offer a discursive window for switching paths, with the new one promising »less market and more politics« for Europe. Yet when we consider the numerous conflicts and divisive tendencies that cut across the continent, we have to wonder whether the traditional distinction between right and left will continue to play a role in the election campaigns. Or has it grown obsolete in a globalized world as we so often hear? That would be an overhasty conclusion, born of the inability of political parties to cope adequately with economic globalization and mutual international dependency. The argument is sometimes made that the old political alignments no longer serve any good purpose in the debate over how best to build national and trans-national control capacities. This is reminiscent of a remark made in the late 1990s by former German Chancellor Gerhard Schröder, who decreed that economic policy is neither right nor left, but only good or bad. To this day his misjudgment still haunts the SPD. The convergence of economic policy-making on the part of liberal, conservative, and social democratic parties everywhere in Europe has not been a successful project. The attenuation of political discourse on macroeconomic issues in favor of the TINA principle (»There is no alternative«) helps to explain both the decline of catch-all parties and the rise of the right-wing populists.

As in the past, left and right still exist as categories. However, when it comes to representing divergent interests in European politics, the right side of the spectrum falls into two subgroups: conservative and liberal proponents of the status quo versus right-wing populists who advocate the dismantling of European integration. On the left side of the political spectrum there is as yet no permanent split over European issues. There are currents of opinion within green, social democratic, and socialist parties that want to maintain the status quo, others that wish to strengthen the nation-state, and still others that favor a form of integration in which markets would be shaped and controlled, while a European social model was developed. This last group embodies the majority position. It must succeed in unifying the left in favor of bolstering the capacity of Europe to shape and control events (»project Europe«). A few years ago, the political scientist Claus Offe summarized that project in the following way: »From this decidedly »leftist« perspective, the EU is »social« Europe, at least in terms of its own ambitions, and must be made so. In other words, it has to become a political community that is something more than the venue for untrammelled competition and unrestricted factor mobility. It must also be a place where the losers in this competition are socially protected and, looking ahead, given the means to meet the demands placed on them by such competition.«

Do the proposals put forward here ultimately amount to a call for class struggle? No, we are talking about a reform-minded approach, not a revolutionary one. The idea is gradually to counteract the preponderance of market forces, diverting them into channels that can be regulated politically (the *méthode Monnet!*). The sociolo-

gist Gøsta Esping-Andersen called his program, intended to consolidate social democratic strength in the Scandinavian countries of the 1980s, »politics against markets.« This dictum hits the mark even more now than it did then, except that since that time the rank-order has been reversed and markets have been positioned ahead of politics. To bring the slogan up to date, we would have to say today: »European politics against global markets.«

The debate on how to put these concerns into practice, rather than the trivial distinction between »more« or »less« Europe, should inform the European electoral campaign of 2019. Europe is not the problem; Europe is the solution. Rehabilitate it!

(This is an excerpt from the book *Weniger Markt, mehr Politik: Europa rehabilitieren*, recently published by J.H.W. Dietz Bonn, 264 p., 18 €.)



**Björn Hacker**

is Professor of Economic Policy at the Hochschule für Technik und Wirtschaft (HTW) in Berlin.

[bjoern.hacker@htw-berlin.de](mailto:bjoern.hacker@htw-berlin.de)

*A Conversation with Thomas Risse*

## »The EU has to do its Homework«

### Future challenges of a new world order

*The political scientist Thomas Risse teaches and conducts research at the Free University of Berlin. His work focuses mainly on international relations as well as foreign and security policy. In an interview with Thomas Meyer he explains how he thinks the future global order will evolve, identifies the principal actors, and speculates on the role that the European Union will play in it.*

**NG|FH:** The liberal order under the leadership of the United States is gradually disintegrating; indeed, it may have fallen apart already. What will succeed it?

**Thomas Risse:** First of all, I would want to question that premise. It seems a bit too harsh to me. I would prefer to formulate it this way: The liberal world order is facing two great challenges at the same time. For one, it is being challenged by its own core. That extends from Donald Trump to Europe, and especially from ascendant-right-wing populist movements all the way to European governments, as for example from the AfD in Germany to Italy, Poland, Hungary, etc. The second challenge concerns the rise of ambitious world powers such as Russia and China, or even a group of countries like Turkey that call into question the core elements of this liberal world order.

Of course, these internal and external challenges are thoroughly interconnected, even at the transnational level. For example, it is wellknown that Russia supports a series of far-right populist currents, especially in Europe.

**NG|FH:** So, can we discern the outlines of a new order, or are we now in an opaque transitional phase, in which the shape of the near future is not yet foreseeable?

**Risse:** As I see it, we find ourselves in a rather opaque transitional phase, first because it is unclear how the Western countries will deal with their internal challenges in the long run, and, second, because it is even less clear how the aspiring world powers – and here I am thinking especially of China – will behave in the future. China definitely does accept parts of the liberal world order, for instance the global trading system. To be sure, there are indeed a few problems there, such as in regard to opportunities for investment in China or the issue of protecting intellectual property. But on the whole China has accepted the openness of the liberal global trading order. For now, that distinguishes China from the United States.

Also, China has accepted the fact that something must be done about a whole host of issues related to global governance such as climate protection. As far as the Paris Accord on Climate Protection is concerned, China – like India by the way – already has advanced to the front ranks of countries that really are willing to do something about an increasingly warmer climate.

On the other hand, it is also completely clear that China rejects the political core of the liberal world order: human rights, the rule of law, democracy, etc. In other words, China is behaving inconsistently.

**NG|FH:** Will we have to get used to the idea that the USA will play a different role in world politics in the long run? Even after Trump's term in office is over? And then what new role will the European Union assume?

**Risse:** Indeed, we will have to accept the fact that, in the longer term, the USA will abandon its leadership role in the liberal world order. And that will be the case even in what I consider to be the most optimistic scenario: that Donald Trump will not be re-elected as president. The United States is so inwardly divided; I can't imagine that a new president, maybe a Democrat, would have much time for matters concerning the world order. For the next five or ten years the Americans will be preoccupied with their own affairs, attempting to overcome the deep divisions in the country, assuming that is even still possible.

So, in respect to issues touching on the world order, Europe will no longer be able to hide behind the United States. But will we manage that? We could if we really wanted to, but do we? At this time, Europe is concluding a number of new treaties on world trade-related issues, particularly with Asian countries. It is already apparent that China and Europe by now have reached agreement on a reform of the world trade order. In this area Europe is quite capable of acting. When it comes to other types of foreign policy issues, this is still unclear. And here again, we immediately have to ponder the question: to what extent will Europe be able to cope with its own internal challenges? For example, how will Brexit play out? The whole business still can drag on for quite some time, even beyond the March, 2019 deadline. What will happen with the right-wing populist governments in Europe? Will



the pro-European majority be able to mobilize the population, or will they allow themselves to be bossed around by the right-wing populists? These are all still open questions.

**NG|FH:** Now there are various proposals to boost the EU's capacity to act, not the least of which is the »Saturn model« aired by the Dortmund Professor Henrik Müller. It features a core Europe with numerous rings around it, consisting of countries that do not want to or cannot cooperate that closely. The core countries will be prepared for further integration in economic and financial policy and will be able to act as a transfer union. The middle ring will stick with the status quo, while the outer ring attracts those members that essentially only want the market and as little cooperation as possible beyond that. Does this model hold out any promise for future action? If not, how might Europe's capacity for action in its current form be improved?

**Risse:** We already have a Europe moving at different speeds on many points. On one hand we have the eurozone and on the other the countries that have not adopted the euro. In other areas there are many exemptions, so-called opt-outs. Great Britain had by far the most opt-outs, but even Sweden and Denmark, for example, have some. So, it is not the case at all that the entire *Acquis communautaire* is binding on all of the EU member states.

But besides this question concerning different speeds, another one has to be answered: Will individual European core states be able to assume responsibility for leadership in world politics? It seems as though France under Emmanuel Macron is ready to do so. All of the others – and that includes the Federal Republic of Germany – have been reluctant. It is not clear whether Germany will be ready to take the lead in the future. The answer will become apparent only when the succession to Angela Merkel as federal chancellor has been settled.

And then there is another question: who in Europe will be able to join in, primarily where foreign and security policies are concerned? Maybe Spain will be involved. And which countries of eastern Europe will lend a hand? Here, as far as I can tell, it is not so much a matter of countries moving at different speeds. Rather, the point is that there should be a core of countries in Europe that agree to some extent on what they want in the world and then are able to win over the others. Then it doesn't matter what you call it. The treaties also allow for that. In PESCO, Permanent Structured Cooperation in the area of common security and defense policy, it turned out that initially only about twelve countries wanted to make common cause, but then all the rest got on board fairly quickly.

**NG|FH:** What should the next step in this direction be?

**Risse:** Of course, there are a number of proposals on the table. As I see it, the next step should be to figure out how the liberal world trade order can be reformed and saved, and I mean that this would be done without Trump and the United States. We have to reform it; it really does need reform. The long Doha Round, which nobody



even remembers any more, tried to do that, but failed. Now a push is needed from certain leading powers, and in this area the EU is very capable of acting.

But then the EU also must do its homework on its own domestic affairs. In my view, this will be the central challenge of the next few decades, in addition to climate change. Speaking of the latter, it won't simply be a matter of climate protection, but also of adapting to the expected climatic changes. We are doing much too little along those lines. In principle, Europe is in a good position here, but so far it has not done its homework.

**NG|FH:** In the long run, one can discern the outlines of a new system in which four or five great powers dominate events. The USA of course, maybe also the EU if it can regain its capacity to act, China, Russia, and eventually India as well. Under those conditions what sort of order will emerge?

**Risse:** I would like to preface my answer by addressing something else. In the case of Russia, I am not sure that the country is in fact a rising power and that in the future it will play a great role in world politics. At the moment, they are acting more like a troublemaker than a country offering constructive contributions, in contrast to China. If we now try to imagine a world order including India, China, the USA, and hopefully also the EU as the principal actors, then it would look quite different than the previous order. For example, issues of development and justice would play a much larger role than hitherto. One can level many charges against the authoritarian system in China, but it has one major argument on its side: that it has lifted nearly 800 million people out of poverty. This too represents a kind of progress for civilization that must be acknowledged. But at the same time China is growing ever more repressive internally and is attempting to undercut human rights protection internationally. It is not clear what long-term positions the United States will take. I can only hope that the country can overcome its internal divisions, because it really is a highly innovative country, one that leads the way and is also always optimistic. In my view, Europe also will be able to contribute something in this interplay of different forces.

**NG|FH:** Do you think that the current wave of re-nationalization will endure and reduce the prospects for multilateralism, or is it more likely a passing trend?

**Risse:** Both tendencies are there. As I see it, much depends on the elites, but also on the societies in each case – i.e., whether they regard a liberal world order based on a principled multilateralism as a project they value. The advocates of this liberal world order now have to come out and try to defend it. They can't hide anymore, and certainly not behind the United States. If you consult the data, you see that the potential for mobilization is there. Macron proved it with his election in France. In Germany, too, we can see signs of that.

In Berlin last year, in October, there was a huge demonstration against racism and exclusion with around 240,000 participants, the largest event of its kind since the demonstration against the Iraq war in Berlin in 2003. In choosing Annegret Kramp-Karrenbauer, the CDU just elected a woman who unequivocally stands

behind the pro-European and open-cosmopolitan course of her predecessor. On the Brexit issue in Great Britain, there was a demonstration of 700,000 people in favor of Europe and the EU. When we consider that every person who takes to the streets represents 10–15 others who don't, then that's a reservoir of support that must be reckoned with and that can be mobilized.

On the right-wing populist and nationalist side, the number of their adherents has not changed much over the decades. In most of the countries of the West, some 20–30 % of the people have long believed that internationalization, as with the EU, is a lot of rubbish. It's just that until now nobody had mobilized them. Now they are being mobilized. And that is what distinguishes them from the »silent« majority of those who support an open, liberal world order.

*Günther Schmid*

## **The Idea of Europe is in Mortal Danger**

### **How to strengthen Europe's social support system and consolidate its international role**

The idea of a European unemployment insurance scheme is not new. As early as the mid-1970s a blue-ribbon group of pro-Europeans centered around the French economist Robert Marjolin pointed out a flaw in the plan for a common currency. It would entail that interest rates would converge on the same level even though not all countries were equally creditworthy. As a result, member states would forfeit the opportunity to raise or lower the value of their currencies as needed. Thus, the burden of adjustments to economic shocks or accelerated structural changes would be shifted to the labor market. Pressure on flexible wages, mostly downward, or on regional mobility, mainly forced by unemployment, would increase. For those reasons, the idea of a Europe-wide unemployment scheme would appear obvious.

However, the idea was eventually forgotten until it became evident that the newly introduced euro would not bring about the hoped-for convergence. On the contrary. After initially positive indicators – unemployment rates among EU members drew closer together until about 2007 – the financial meltdown of 2008/2009 dashed these illusory hopes. The existing divergences in economic dynamism and social circumstances continued to widen. What is more, digitalization and the aging of the European population exacerbated the situation. Shortages of skilled labor threaten to degenerate into a ruinous competition among the member states. Both new and already-ailing member states have been drawn into a race to catch up that seems increasingly hopeless. Today, the idea of Europe is in mortal danger.

### **Models for European unemployment insurance**

In the meantime, two main competing models have crystallized: a genuinely European unemployment insurance scheme and a plan for re-insurance. The first pro-

posál envisages a uniform unemployment insurance system that would offer all European citizens in the work force relatively modest insurance coverage during the first six to twelve months that they were out of a job. Every employed person would pay a modest contribution into a single European pot. After contributing to this fund for a fixed period of time they then would be eligible for wage replacement payments. This scheme would serve as a foundation; if need be, national unemployment insurance systems could increase payment levels and extend the period during which unemployment benefits could be claimed.

However, under European law as presently constituted this scheme could not be put into effect. Above all it violates Article 125 of the Treaty on the Functioning of the European Union (TFEU), which does not allow either the EU or the individual member states to »be liable for (...) the commitments of central governments, regional, or local, or other public authorities (...) of any Member State.« Furthermore, Article 153, paragraph 4 of the TFEU forbids the enactment of measures designed to limit the right of the member states to determine for themselves the basic principles of their social security systems.

For those reasons the former employment commissioner, László Andor, modified the original proposal submitted by the Berlin economist Sebastian Dullien. He narrowed the focus down to the stabilization function which – broadly interpreted – can be squared with Article 352, paragraph 1 of the TFEU (the so-called flexibility clause). The member states get reimbursed from an EU fund for two-thirds of their expenditures on unemployment compensation during the first six months; beyond that, the member countries assume full responsibility for protecting the unemployed. Although the member states contribute to this fund, there is always the possibility that, *de facto*, only net payments would flow into it. If some countries were particularly hard-hit by unemployment, then the less-affected countries would end up temporarily financing unemployment compensation payments through their net contributions for those countries whose national funds otherwise would not be sufficient to make wage replacement payments to the (short-term) unemployed and thus cushioning the shock of joblessness. That would also reduce the political pressure on countries to cut wage replacement payments in times of high unemployment, just when they are most needed.

Those who advocate a reinsurance scheme – notably the Center for European Policy Studies (CEPS) – start from the assumption that insurance coverage in social matters should remain entirely in the hands of the member states. Europe's task would then consist exclusively in providing an institutional backstop for the macro-economic capacity of that coverage. Since economic crises do not hit the EU members equally hard, needy members require a buffer to prevent downward spirals that might otherwise drag down all of Europe. Thus, all of them together should pay 0.1 % of their GDP into a stability fund until such time as it has accumulated a lump sum of 0.5 %. If a country gets into trouble, it can count on transfers from this pot of money. To qualify a country would have to have an unemployment rate two or more percentage points higher than the so-called equilibrium unemployment rate. To prevent one-sided transfers in the long run, those countries that make dispro-

portionate claims on the fund would have to pay in not just 0.1 %, but maybe up to 0.2 % of their GDP.

Both versions of EU-wide unemployment insurance start from questionable assumptions. For one thing, they put the spotlight on the stabilizing effects of unemployment insurance systems at the macro-economic level rather than on their two main functions: guaranteeing a decent level of income security during phases of unemployment and – parallel to that – providing quick and lasting reentry into the labor market so that long-term unemployment can be avoided. For another, they have in mind a kind of unemployment insurance that is outmoded in view of the present and future of the world of work. Both national- and European-level deliberations on social security must take into account a state of affairs that can no longer be ignored: Nowadays, unemployment is not the only risk to be encountered in the labor market. In addition, a person's journey through life may be accompanied by »transitional risks« that put his or her income in jeopardy. Such risks include: income fluctuations due to variations in work schedules designed to counteract seasonal and business cycles; the gradual obsolescence of previously acquired training and skills as a person's career advances; decreasing performance due to illness in the employee's later years, and the need to pay for education and/or care in mid-life. Last but not least, employees need to build up financial reserves that will bolster their autonomy in choosing careers and jobs not only at the outset, but even at later stages of their career development. In short, the European labor market ought to »grow up.«

Thus, in discussing European unemployment insurance we find ourselves in a tricky situation. On one hand, because of the legal constraints that currently apply, the primary responsibility for income support continues to reside with the national unemployment insurance schemes. On the other hand, it is impossible to ignore the weaknesses of those systems. Many EU members have at most a rudimentary system of social insurance coverage for unemployment. For that reason, they have to deal with continually increasing poverty and social inequality. Moreover, since no one can rule out the recurrence of economic and financial crises, the danger exists that the economic instability of individual member states could spill over into the rest of Europe. Finally, an increasing gap is opening up between the new social risks posed by the digital world of work, which has given rise to growing demands for social inclusion, and the insufficient institutional capacities for finding solutions to those risks. In this complicated situation it is reasonable in the short run to limit one's ambitions concerning the Europeanization of social security to pragmatic, feasible steps, although in the longer run one can also envisage more ambitious goals that would transcend the traditional system of unemployment insurance. An unemployment insurance scheme that also addressed risks to income arising from fluctuations in a person's life situations logically would have to be encapsulated in a new, forward-looking idea of a European unemployment insurance system.

### **Prospects for a European labor insurance scheme**

The first question that comes to mind is whether an approach to European income support should be founded on the principle of social insurance or whether it should

be needs-based. Several reasons speak in favor of retaining and strengthening the social insurance principle, especially the protection against arbitrary political power afforded by the legal guarantee of property rights. The next question to consider is whether a European scheme of income security ultimately should be built upon a uniform system of unemployment insurance that could be supplemented by individual countries in line with their own national traditions, say in respect to generosity and scope, or whether it should consist of national insurance systems, as it essentially has been up until now. In the latter case those systems could be supplemented by the EU and their institutional capacities could be strengthened.

In the following pages I will argue in favor of the second solution while not excluding the first one. At best, the latter might be considered seriously in the distant future when a uniform European labor market exists, the legal prerequisites for it are in place, and a unified political will for the further deepening of Europe is on the horizon. At present there is no point in even talking about it. Furthermore, a uniform European scheme of unemployment insurance risks lowering minimum standards for income support even further while providing no guarantee that increasing – and complementary – efforts would be made and capacities built to find jobs for those who need them. If unemployment insurance were pooled, member states with well-developed schemes might be tempted to lower their standards (and costs) further, whereas member states with poorly developed systems might limit themselves to adopting the scheme of income protection guaranteed and financed at the European level.

For these reasons the first thing that must be done is simply to create comparable capacities for income and employment support in the member states. In the short run, a European scheme of employment insurance might adopt some positive elements from the unemployment insurance system of the United States. It would consolidate the independent national schemes of unemployment insurance and supplement them by a European fiscal capacity tied to specific purposes. This supplementary approach would have both reinsurance and social insurance functions. The reinsurance element would offer EU members loans (under some circumstances low-interest ones) to bail them out when their own insurance funds had been exhausted in periods of recession. The social insurance aspect would encourage the development and maintenance of institutional capacities and co-finance crucial transitions through wage replacement payments or wage supplements as well as assistance in finding jobs. To fulfill those two functions a European Labor and Social Fund (ELSF) could be established that might enlarge on the previously existing social and globalization funds (ESF and EGF), thus breathing new life into them.

### **A European Labor and Social Fund (ELSF)**

In terms of the expectations directed at an inclusive national income support plan, what should and can the proposed ELSF contribute in cases of unemployment? To begin with, the fund would be tapped only in accord with the minimum standards of national insurance systems. The first source of legitimacy for the guidelines that accompany such standards would be Article 153 of the aforementioned TFEU,

which asks the EU to support the activities of its members in the areas of social security and social protection. Second, Article 352 of the TFEU permits the Council, with the unanimous consent of its members and the concurrence of the European Parliament, to approve regulations that would help achieve the goals set forth in the Treaty (e.g., full employment and social progress, justice, cohesion, and solidarity as set forth in Article 3, paragraph 3 of the European Union Treaty). Yet another source of legitimacy is the »European Pillar of Social Rights« which was solemnly enacted into law by the European Parliament, the Council, and the Commission in Göteborg on November 17, 2017. This pillar not only proclaims new social rights such as a minimum income sufficient to insure a life of dignity, the right to adequate social protection regardless of the type of work relationship one is in, and continuing education that lasts a lifetime. It also obliges (see § 14) the Union and its members to pass laws at the appropriate level and to construct institutions designed to make sure that these noble principles are put into practice.

In conjunction with unemployment insurance, the top priority of these standards would be to guarantee a reasonable degree of insurance coverage as well as a level of income support commensurate with human dignity. In a way analogous to the German principle of reduced hours compensation, a legal claim to social protection could be guaranteed whenever the business cycle caused adjustments in the number of hours worked. Standards of this kind would help establish a lower limit of institutional congruence, but they would by no means force harmonization of national insurance systems. In the aftermath of negotiations, such standards could be approved by majority vote, while allowing individual member states to deviate from them in the context of a social protocol.

The ELSF could support countries that commit themselves to upholding such standards. They could subsidize national systems by providing repayable loans if the former should slip into the deficit zone, thereby strengthening the stabilizing function of national insurance schemes. In this endeavor, systems of rules (operating automatically to some extent) would have to be created, for example to define when a case of economic recession was at hand, what the maximum levels of indebtedness should be, or what conditions should be laid down for loan repayment. Furthermore, the ELSF could be used to finance transitional multipurpose funding in regions with particularly severe employment problems. This transitional money would kick in (at the latest) after an individual had endured 52 weeks of unemployment and should help compensate for the risks incurred during crucial transitions in a person's career. Accordingly, the money should be focused on active measures to bring greater security such as continuing education, combining reduced hours or part-time work with adult education, wage insurance to accompany the transition into less well-paid jobs, bridge-building for those in involuntary part-time work, wage cost subsidies as a bridge for those who at first are less productive because they are starting a new job, the reorganization of work places to make them more handicapped-friendly, and promotion of the transition into independence.

In the average case, 50 % of the »transitional funding« should be financed by the EU and the other 50 % by the member states, although the proportion of the co-

financing also could vary with the financial health of the member state in question. Resources for this transitional funding could be allocated over the middle term. During severe recessions – and here again following the American model – there would be no reason to rule out emergency unemployment funds financed by the ELSF. This is the case because wage replacement payments serve not only purposes of consumption; they also function a bit like investments by enabling more productive and sustainable job-searches than would be possible in the absence of decent income support. The ELSF's reserves or the European Monetary Fund could act as financing instruments for this purpose.

In the long run it would be desirable for Europe to impose separate ELSF contributions as sources of financing. These contributions would have to be set up so as to fill reserve coffers in good times. The money then could be used when hard times arrived. Even a very conservative fixed contribution rate of 0.2 % of GDP would yield a fiscal capacity of around 32 billion euros a year. By way of comparison, according to the 2018 budget plan, the total budget of the European Union amounts to about 160 billion euros and constitutes just 1 % of the EU's economic potential. If we wanted to make an even more striking comparison, we should recall that the U.S. federal budget »consumes« around 20 % of the country's GDP.

It would also be possible to build an element of solidarity into the contributory financing arrangements of the ELSF, one that would directly address the problem of a unitary currency (the euro) having such differential effects on countries with quite different economic potentials. If it is correct to say that chronically high export surpluses de facto »export« unemployment, then it would be only logical to allow the contribution rates to the ELSF to vary accordingly. That is, they would be set higher or lower (in the case of countries with persistently high import surpluses). In this manner an economic incentive would also be created to do something about chronically high export surpluses: e.g., by encouraging big wage increases with broad-gauged effects, higher public investments, and a tax on capital exports.

An amendment to the Treaty would evidently be needed to create an independent fiscal capacity of this kind. But that would be necessary to fulfill adequately both functions: reinsurance and employment-oriented social insurance. In conjunction with the corresponding sovereign budgetary authority of the European Parliament, it would surely make the citizenry more likely to identify with Europe. The exchange of experiences and best practices among European labor administrations would intensify, while the current system of Europe-wide employment assistance (EURES) could be expanded to become a pan-European employment agency.

### **What is to be done**

An initial step in this direction, which would be possible without changing the Treaty, would be to merge the ESF with the EGF for the next medium-term budget period (2021–2027) and to expand their resource base substantially during the duration of the program. Even though at first the transfer payments associated with the merged entity would have to be modest, we should not underestimate the symbolic value of a truly transnational European institution devoted to employment



and income security. Europe would become tangible for its citizens. From the very outset, capacity-building and employment assistance should be a priority for the ELSF. At the top of its »to-do« list would be the rapid expansion of the European Employment Services (EURES) and targeted encouragement of mobility (financial aid, acquisition of language skills, and assistance in finding lodging) for unemployed people who are willing to move to another region or even another country in order to take a new job. The next step would be targeted employment-promotion, especially for younger people. It could take the form of encouraging employment in small and medium-sized firms through some combination of low-interest investment credits and hiring subsidies. In the extremely critical situation that prevails today, we might also consider a bold program in which limited-time wage subsidies would be offered to companies willing to hire additional employees from the pool of the unemployed in regions facing particularly difficult employment problems. Nor should we rule out reduced-hours employment as a means of retaining skilled workers, especially via a combination of part-time work with skills upgrading.

Transfers of this kind would of course serve the purpose of stabilizing the business cycle and thereby maintaining regional purchasing power. But they would also contribute to social inclusion by preventing long-term unemployment and reducing emigration by skilled workers. Certainly, greater regional mobility is necessary and even desired by segments of the European population, especially the young. Nevertheless, there are good reasons to suppose that the potential for flexibility in labor mobility is limited and not necessarily desirable, especially where adult and older workers are concerned. A scheme of labor insurance designed for the long term should not rest content with the equilibration mechanisms such as wage flexibility and labor mobility that underlie neoliberal logic. It also must make every effort to keep workers where they are, for example through continuing education or flexible work schedules. The idea is to bring »work to people« rather than bring »people to work«. In this way the cosmopolitan and inclusive (rather than the reactionary and exclusionary) need for a home could be met.



---

**Günther Schmid**

is emeritus professor of political economy at the Free University of Berlin. He was also the director of the Berlin Social Science Center. His most recent book, published by Campus in 2018, is entitled *Europa in Arbeit: Plädoyer für eine neue Vollbeschäftigung durch inklusives Wachstum*.

[guenther.schmid@wzb.eu](mailto:guenther.schmid@wzb.eu)



Alexandra Borchardt

## Why We Have to Defy the »Tyranny of Efficiency«

### The power of high-tech firms and the dangers they pose to freedom and democracy

Mark Zuckerberg once said that, for him, the main thing was to »prioritize meaningful connections among friends.« With those words, the head of Facebook officially justified the recent decision to allow the algorithm of the platform company to rank posts from private individuals more highly than ones from the media. The result quickly became apparent. While users continue to spend a lot of time on digital social networks, now they will encounter considerably less journalism there, as the *Digital News Report* of the Reuters Institute for the Study of Journalism at Oxford University showed.

This is just one example suggesting that the power of tech firms over our lives is enormous and still growing. When Facebook tinkers with its algorithm, we see different posts from both friends and strangers. When Google does the same thing, search results appear in a different order. And not only does Amazon already influence our shopping and music preferences; like its competitors, it will insinuate itself into our lives with the help of its ubiquitous speech assistants. But software, mostly created in the labs of powerful corporations, doesn't just influence our preferences and behavior. In the form of artificial intelligence, it will compete with us to determine who will do which everyday tasks: humans or machines.

Should we fear that contest? True, robots do relieve people of dull, repetitive work. Search engines deliver more answers than we have questions, while automatic pilots have made flying safer than driving your car to the office. So, wouldn't humankind be better off entrusting its problems to the big software factories so they can be solved by algorithms? After all, the latter can call up (almost) infinitely more data than we can and while doing so they are less susceptible to disturbances than is the human brain.

To be sure, not even the protagonists of Silicon Valley believe that artificial intelligence is completely innocuous. The founder of Tesla, Elon Musk, once expressed his reservations in the following way: »We are headed toward either superintelligence or the end of civilization.« Now, alarmism is seldom helpful. Scenarios in which robots seize power and wipe out humanity are better suited to science fiction literature than to the real world. But that is far from being a reason to withdraw into the small pleasures afforded by a comfortable life and take for granted the development of digitalization much as we put up with whatever the weather brings. Software is made and installed by human beings, so we humans have to take responsibility for it.

### Optimization for the broad masses

At first glance, the algorithms themselves are nothing more than mathematical operations. If you will, they are the computer's brain waves. They can figure out the best way for us to get from point A to point B, recommend books, and whip up a

recipe out of four ingredients. They can pilot lawnmowers like drones, help us choose a partner, and perform extremely well in diagnosing illnesses. But then they also screen job and bank loan applicants. In short, they make important judgments about how much a person should be trusted. In 2017 the American PEW Research Institute questioned 1,500 experts about artificial intelligence. Of those, 38 % thought that its advantages would outweigh its drawbacks in a world run by algorithms, while 37 % held the opposite view. The rest said that there was a rough balance between advantages and disadvantages. But one thing worried everybody: that human beings are only too happy to fob off responsibility onto software. Most believed that would not turn out well.

In this context it does not matter at all which of the two different systems that currently have crystallized out in the digital world a person inhabits. One is the American, driven by commercial interests, which would like to conjure up a perpetually unsatisfied consumer. The other is the Chinese, behind which lurks the authoritarian state. Its vision is of the ideal citizen perfectly adapted to the system. In both of these worlds, freedom as we know it is increasingly disappearing.

We are now networked to supercomputers around the clock by all kinds of devices: not only smartphones but also »intelligent« watches, clothes, houses, and cars and soon many more. Every minute or so they collect and send off data about our behavior. Under these circumstances, we can no longer find a secure space in the logic of this world for what we once meant by freedom: to experiment, discuss, have ideas, move about, consume, form relationships, and even love more or less unobserved by state or commercial control centers. Where at least two major guarantees of freedom, cash and maps, have been replaced by payment apps and GPS systems and where intimate conversations increasingly have been supplanted by electronically documented chats, freedom will assume a different form. And where algorithms at least gently influence us, but can also guide us in concrete ways, the idea of freedom undergoes immense changes.

There are important lawlike regularities in an algorithm-driven world. First, efficiency comes before fairness. Algorithms recommend what the masses want, not what appeals to the individual. It is true that suggestions can be individualized according to specific data inputs, but in general they operate with probabilities. The protection of individuals counts for little. Individual life circumstances are not taken into account. Now of course life without algorithms is not fair either, feelings or »gut reactions« motivate many decisions. But in a democracy the protection of the individual is a top priority. Everyone has the right to fair procedures, even criminals.

### **The past overshadows the present**

Because algorithms rely on the data they already have, they are in effect condensed stereotypes – unless they are programmed differently. Let's say that a job ad for an engineer has been placed; the blueprint for the preferred candidates will be based on profiles of engineers who previously have been successful. That means male candidates will have a better chance. Processes guided by algorithms don't generate innovations. They operate according to the principle: »keep doing what we have done, but

more efficiently.« To put it differently, people involved in trying to improve fax machines will never invent e-mail. Besides, algorithms make us lazy. Instead of trying new things and thinking for ourselves, we rely on bite-sized solutions. »Artificial intelligence can never create something that has not been thought up previously by human beings,« as sociologist Gina Neff of the Oxford Internet Institute puts it.

In her book *Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy*, the American mathematician Cathy O'Neil illustrates how algorithms operate at the expense of the poor. Using software, companies place advertising for overpriced products of dubious value where they can be seen by people identified as especially susceptible. Electronic tools screen job and loan applicants according to where they live, probably favoring those who reside in upmarket zip codes. And we are not even talking about the effects of artificial intelligence on the job market. Scientists have calculated that it will take another 125 years before machines completely replace human labor power. However, there are many jobs such as truck driver, sales clerk, or call center agent that could disappear much sooner.

In other words, the strong get stronger. That phenomenon is familiar from Google, online stores, and hotel portals. If you search for a product, the most popular brands always come up first. And a lot of people opt for those. In this way, sought-after products acquire even more market power, while the more obscure ones vanish. Thus, algorithms can divide society. The echo chamber effect resembles the blockbuster effect. Algorithms calculate which news items are likely to be especially interesting to someone and then make it a priority to supply him or her with them. While it is true that people use more sources of information than before, they pick out the reports that they prefer to see. For example, right-wing groups can now delve more deeply into like-minded international networks than before. Opinions that once would have seemed embarrassing to a lot of people today are widely accepted.

Some of these mechanisms run counter to democracy. To begin with, a democracy is not dominated by the loudest message or the blockbuster. The separation of powers, a delicate system of checks and balances – i.e. of oversight and compensating measures – insures that minorities and the weak also are protected and can exercise their civil rights. To that must be added the principle of representation. Even those who do not regularly participate, make judgments, and cast their votes, have rights that cannot be denied them. The private sphere and the protection of human rights are the vital foundations of democracy. For that reason, data protection is crucial.

In this context it is also important to point out that, in a democracy, there may not be a »best solution« that an algorithm can calculate. The task is to find the most workable solution, which always must be negotiated. That is the logic of politics. For instance, one person may feel free if s/he can smoke a cigarette, while another feels free when not having to put up with cigarette smoke. The freedom of one person ends where that of another person begins. The tempo of the digital world does not synch with that of democracy. The latter moves slowly and is intended to do so, as it is marked by trial and error. It understands efficiency in a way that has little to do

with speed. In a democracy, there are caesuras and relapses, but also breakthroughs into new eras. No algorithm ever could have brought about the fall of the Berlin Wall. Democracy is made by people for people, not by or for machines.

Therefore, the most urgent task must be to rein in the power of monopolies, whether they are powerful corporations or rigid autocracies. And it is crucial to disrupt the imperative of efficiency. If we humans aspire to compete with computers on efficiency, we have already lost. Computers always will beat us at that game. In the digital world we have to play up our uniquely human strengths: imagination, intuition, empathy, cooperation beyond borders and differences, the ability to »think big« and to think differently. That is the only way to turn war into peace, to move from destruction to creation, from homogeneity to diversity. That is our long suit.



---

**Alexandra Borchardt**

is the Director of Leadership Programmes at the Reuters Institute for the Study of Journalism at Oxford University. She is the author of *Mensch 4.0: Frei bleiben in einer digitalen Welt*. She previously was managing editor of *Süddeutsche Zeitung*.

[alexandra.borchardt@politics.ox.ac.uk](mailto:alexandra.borchardt@politics.ox.ac.uk)

*Simon Koschut*

## **Not a Slam Dunk**

### **Regional organizations: building blocks of a new world order?**

It almost goes without saying that regional integration promotes peaceful relations among democratic countries and societies. Thus, it is all the more surprising that so little scholarly research has been done on the subject. Just at a time when regional associations in Europe and elsewhere are being questioned, it may be all the more vital for the legitimacy of the European project of integration to shift our focus to this context. At the beginning of the 1990s, the American political scientist Francis Fukuyama brought the »end of history« thesis to public attention. He argued that democracy as a model of public order had won out in the competition with alternative models. But now we are experiencing not the end but the return of history in international politics. All across the globe, the liberal democratic order is under pressure from within and without. Meanwhile, the West is divided. Under Donald Trump the United States no longer appears willing to assume the leadership role and the cost of defending the liberal democratic order. So now it is worth asking what kind of democratizing impulses emanate from regional associations and/or whether and how they might become the building blocks of a peaceful and just world order.

That question was already omnipresent at the time of the United Nations' founding. While one side, led by then-President Franklin D. Roosevelt, advocated the creation of a universal order at the foundation conference in San Francisco in 1945, the other side, headed by delegates from Latin America and the Arab world,

preferred a particularistic, decentralized system of order consisting of largely autonomous regional organizations. Relying on the subsidiarity principle, the latter argued that regional associations could more easily resolve local conflicts than a central organization that was more remote, both politically and geographically. The counterargument made at the time was that a global order built on autonomous regional structures would give rise to conflicting norms and systems of rules, and that would be even more likely to generate conflicts. Ultimately, the champions of an architecture of global order prevailed in San Francisco, establishing the United Nations. At the same time, however, the separate role of regional organizations in regard to the peaceful settlement of conflicts was made an explicit part of the United Nations' charter. Since that time, a large number of regional organizations have been founded, and that has drawn analytical attention to the reciprocal and sometimes tense relationships between regional and global governance, on the one hand, and regional and local governance, on the other.

### **Regional integration and local governance**

Regions are not static geographic units; they are rather dynamic spaces of social interaction. While the origins and articulation of regional integration have been exhaustively studied, so far relatively few efforts have been made to study the political outcomes of regional integration. The causal links between regional integration and collective goods such as peace, security, and welfare often are taken for granted – for example in political speeches – yet comparatively speaking they have been understudied. Among the positive effects of regional integration, democratization is one of the few concerning which scholars are in widespread agreement. Regional organizations can create material and non-material incentives that oblige their members to uphold democratic standards. By the same token, they can exert pressure via sanctions to encourage the development and consolidation of democratic institutions and structures at the local level. These incentives and sanctions taken together are generally known by the term »political conditionality.« Two examples of those effects can be cited. First, as the European Union expanded to the east, it encouraged the construction of democracy and market economies in the region. Second, the economic association Mercosur in South America recently suspended the membership of Venezuela, invoking the so-called »democracy clause.« Conversely, local actors use regional organizations to gain legitimacy in domestic politics and to secure democratic reforms.

Nevertheless, the scientific consensus rests on a comparatively thin empirical foundation. Up until now, the influence of regional organizations on national political systems mostly has been studied in the context of the EU, and even here the empirical findings have been ambivalent. Moreover, recent events inside the EU show that this is by no means a linear process: setbacks such as in the case of Poland or Hungary as well as cases of disintegration in the manner of Brexit are certainly possible. Furthermore, authoritarian regimes can exploit similar mechanisms to secure their own base of power as in the cases of the Eurasian Economic Union or the Shanghai Organization for Cooperation.

Even less research has been conducted on the question of the global consequences of regional integration. Roughly speaking, this debate can be split into two distinct lines of argument, of which the second clearly predominates in social-scientific discussions. One side of the argument holds that regional integration will lead to more conflicts at the global level. Here, we must draw a further distinction between two kinds of explanation. Much in the spirit of the American political scientist Samuel Huntington, essentialist approaches argue that regional integration is powerfully oriented toward cultural homogeneity; hence, regional blocs that follow the fault lines of civilizations will emerge, a process that will unleash a so-called »clash of civilizations.« Accordingly, regional associations merely represent the institutionalization and consolidation of cultural differences at the global level. A second, primarily functionalist approach reasons within the tradition pioneered by British-Romanian political scientist David Mitrany, who saw in regional associations the persistence of structures derived from nation-states. However, according to Mitrany, societal needs could be met only at the global level; therefore, factual issues had to be de-politicized. From his perspective regional associations simply shift conflicts among nation-states to the interregional level without ever eliminating their true causes, namely, »competing political units.«

On the other side of this debate we find the majority of scholars: those who regard regional integration as a building block of a peaceful world order. Indebted to the tradition of the theory of democratic peace, they argue that democratically constituted models of regional integration also promote global peace. Here again, we also can distinguish two contrasting explanations. Proponents of rationalist approaches argue that liberal democratic values create novel structures of governance at the regional level. These, they claim, promote mutual global dependency and economic cooperation. That, in turn, raises the costs of war and conflicts while enhancing societal acceptance of regional integration by making more collective goods available. Furthermore, they assert, economic integration encourages the exchange of preferences and information, while creating greater transparency and trust.

A second approach sees in the externalization of liberal norms the foundation stone for peaceful world order. Since most liberal-democratic regional organizations settle their internal conflicts peacefully, that same principle could be applied to the global level. Thus, peaceful conflict resolution in cooperation with other liberal-democratic regional organizations could be accepted as a global norm. As a proponent of this constructivist approach, the British political scientist Ian Manners makes the far-from-uncontroversial argument that the EU represents a normative power capable of extending its own liberal democratic standards to other parts of the world. Conversely, theorists of diffusion argue that regional organizations can incorporate the democratic standards of other regional organizations on their own initiative, perhaps because they regard them as legitimate. Thus, the basic thesis could be expressed as follows: the more liberal democratic regional organizations there are, the fewer violent conflicts there will be in the world. The other side of that coin would be the claim that an increase in the number of illiberal regional organizations would heighten the danger of violent conflicts in the world.

So, can regional associations serve as the building blocks of a peaceful and just world order? That questions may be answered provisionally with a »yes, but.« It is true that previous research has mostly emphasized the positive outcomes of regional integration at both the local and global levels. Yet at the same time ongoing political developments in Europe and other parts of the world indicate that this is not a »slam dunk« conclusion. The recrudescence of authoritarian regimes in Europe and other parts of the world puts pressure even on the peaceful and liberal democratic achievements of the last few decades, not only in Europe but also in Latin America, Asia, and Africa. This evolution threatens to trigger a renewed division of the world into liberal and illiberal regional blocs. Nevertheless, the basic problem remains that our knowledge of the effects of regional integration is still far too rudimentary for us to make reliable statements about that topic. A better understanding of the diversity of regionally-specific processes and interactions in the world could help to remedy that deficit.



**Simon Koschut**

is visiting professor of international relations and European integration at the Free University of Berlin. In 2018 Palgrave Macmillan published his book, *Normative Change and Security Community Disintegration: Undoing Peace*.

[simon.koschut@fu-berlin.de](mailto:simon.koschut@fu-berlin.de)

*Katharina Hofmann de Moura*

## **The Power of the Elites, the Evangelicals, and the Left's Missed Opportunities**

### **Where is Brazil headed?**

Jair Bolsonaro is the new legitimate president of Brazil. In spite of reports circulated by fake news, the elections were judged to be free and fair. It still remains to be seen what path the world's fourth-largest (to date) democracy and tenth-largest economy will take. Will it be the Trumpian path of nationalism or that of out-and-out militarism? This article is an attempt to explain the electoral success of a right-wing radical outsider.

The present can never be understood without a look back at history. The most important point should be noted first: in Brazil there has never been a real break with the power elite, i.e., no revolution. The military dictatorship that lasted from 1964 to 1986 ended with an amnesty for the torturers. Nevertheless, democratization proceeded apace in the 1990s, aided by the Workers' Party (PT) and the labor union CUT. During the term of Fernando Henrique Cardoso (1995–2003) and the leftist decade (2003–2016) under Luiz Inácio Lula da Silva and Dilma Rousseff, poverty was reduced impressively. Brazil became the poster child of the BRICS countries (a group of middle-income countries on the rise that also includes Russia, India, China, and South Africa), because it was economically successful yet also



interested in redistribution. It was a dream for adherents of the Western left-wing developmental model.

This brief episode in Brazilian history, which otherwise has been marked by violence and extreme inequality, came to an end with the impeachment of President Rousseff in 2016 (an act that also has been interpreted as a parliamentary coup). Her removal from office, as well as Lula's arrest, caused the polarization and hatred between conservative and leftist forces to intensify. The »guillotining« of both ex-presidents, Lula da Silva and Rousseff, created a power vacuum that the right was able to fill.

Scandals surrounding the largest state-owned oil company, Petrobras, and the partly public, partly private construction company, Odebrecht, shook the public's trust in politics. Although corruption in Brazil is systemic and all parties have been involved in various scandals, it was not hard to blame the former governing party, the PT, for the corruption and economic crisis.

Because none of the conservative candidates really caught on with the electorate, the economic elite supported Jair Bolsonaro, who was drawing the best polling results aside from the PT. To prevent another PT presidency, financial capital and business associations as well as some of the conservative parties rallied behind Bolsonaro, an openly racist, homophobic, sexist, and (at least in his rhetoric) fascist candidate. He has threatened that »the country will [experience] »social purges«.

### **The conservative alliance for the backlash**

In Brazil, the conservative and right-wing spectrum spans several interest groups and power blocs that Bolsonaro was able to unite behind his candidacy by appealing directly to the lobbies (*bancadas*) in Congress rather than to the plethora of rather unprogrammable parties. During the election campaign he deliberately targeted those lobbies with precisely tailored slogans: the Evangelicals (»for the traditional family and against feminism, homosexuals, and moral politics«), the arms lobby (»liberalization of gun laws«), the agriculture and landowners' lobby (»not one centimeter to the indigenous people, against restrictions on pesticides«) as well as the military (»in favor of an iron fist in the battle against drug gangs, for reducing to 16 the age at which criminal suspects can be tried as adults«).

He was even able to win over the *nouveaux riches* profiteers from the financial markets by adopting a neo-liberal discourse that disparaged workers' rights (»In the future, people will have to decide between rights and work«) and by promising to implement the long-desired reform of the pension and social welfare systems.

Furthermore, a right-wing civil society that maintains contacts with international right-wing groups paved the way for him. Right-wing groups without any classical organizational resources took full advantage of digital media (»populism 2.0«) by using simplistic negative news stories to defame the left and disseminate their equally simplistic answers among the people. In doing so, they developed an anti-political rhetorical style (»all politicians are corrupt«). As early as 2004, young urban Brazilians had been attracted to the right, but the impeachment trial of Dilma



Rousseff pushed them farther in that direction. At around the same time, the Pentecostals, originally from the USA, forged an alliance with hardline Catholics in Congress and joined forces during the left's terms in office to oppose the expansion of civil and human rights.

This motley crew of conservative and right-wing groups formed a united front against the continuation of hard-won civil rights, the protection of the rainforest and indigenous peoples, as well as equal rights for black Brazilians. The willingness of these groups to form a liaison with an antidemocratic figure is nothing new. For example, during the military dictatorship Volkswagen of Brazil handed workers over directly to the regime of that era.

But why did the lower classes vote for a president who so predictably would act contrary to their own interests? Two factors help explain their behavior: the moralizing discourse of the Evangelicals and the lack of personal safety. Many Evangelical ministers spoke out in favor of Bolsonaro during their services. Moreover, he was able to capitalize on the burgeoning violence in Brazil.

The Evangelicals operate like business enterprises. For example, the founder of the Igreja Universal do Reino de Deus (Universal Church of the Kingdom of God), Edir Macedo, holds an estimated fortune of 1.2 billion U.S. dollars and is one of Brazil's richest men. In addition, the Evangelicals have a powerful lobby in Congress and a clientele in the favelas, the impoverished neighborhoods that surround Brazil's cities. Many of their absurd news reports circulated on WhatsApp, including one claiming that the PT wanted to wean people away from the image of the traditional family by providing a »gay kit,« an anti-homophobia enlightenment package to be used for instruction in schools. One component of this campaign to sow panic is the movement »School without Party« (Movimento Escola sem Partido) that advocates removing leftist and especially LGBT topics from the curriculum. It has been active since 2004 and operates through YouTube among other sites.

Despite the influence of these new media, the lower classes still count on television for most of their information. The Evangelical churches run many public-access broadcasting stations. However much the Evangelical churches may differ in the ideological views of their adherents, what they have in common is a preoccupation with economic betterment, something that the Workers' Party promised and actually delivered for many Brazilians. The Evangelicals offered stiff competition to the workers' movement because they moved closer to the lived reality of the poor, while the concerns of the cosmopolitan urban middle class took center stage on the political scene. As a result, in the last election the PT was able to maintain its majority only in the country's poor northeast.

### **Persistent insecurity**

People who live on the periphery of major cities, domestic workers and those in other kinds of low-wage jobs, are looking for support and aid among the Evangelicals and organized crime, because both provide social services in the absence of the state. Presumably, they offer a sense of community, cohesion, and protection for the precarious employees of the 21<sup>st</sup> century.

The 63,000 murders recorded last year in Brazil set a new record for violence. It is the impoverished neighborhoods that suffer the most. There, the drug gangs, the police, and sections of the armed forces are waging what amounts to a war. In the future, the military will not help people to regain more personal security. Still, the rhetoric of order combined with calls for an iron fist struck a chord not only among the many poorer residents but even among the upper-middle classes, many of whom worry about robberies. This is the Achilles heel of the left in Latin America. During its terms in office, it was unable to improve the dramatic crisis of personal security.

As a result of Bolsonaro's electoral triumph, Brazil will be even more deeply divided. We should expect that the social policy struggle, notably over redistribution, will be marked by the suppression of the political leadership of progressive movements. The poor will suffer even more than before from exploitation, neo-liberal austerity policies, and violence.

But because everything in Brazilian politics turns on wielding power and satisfying the interests of clientele groups, the different camps within the future ruling right-wing conservative bloc will have a falling out among themselves. In this context, the Evangelical camp has already complained about Bolsonaro's appointment of an education minister, whom they considered too moderate. The new president then obediently installed in that post an advocate of the Escola sem Partido and the military dictatorship.



**Katharina Hofmann de Moura**

is a political scientist. Since 2006 she has worked for the Friedrich-Ebert-Stiftung in Berlin, China, Mozambique, and most recently Brazil. Her work focuses on peace and security, international relations, and social welfare issues.

*katharina.hofmann@fes.org.br*

# Publisher's Information

**Released for the Friedrich-Ebert-Stiftung by**

Kurt Beck, Jürgen Kocka, Thomas Meyer, Bascha Mika,  
Andrea Nahles, Angelica Schwall-Düren and Wolfgang Thierse

**Editorial Staff**

Thomas Meyer (editor-in-chief and responsible),  
Lewis Hinchman (English language editor), Jana Heisel, Dirk Kohn,  
Klaus-Jürgen Scherer

**Editorial Department of NG|FH**

Friedrich-Ebert-Stiftung, Hiroshimastrasse 17, D-10785 Berlin,  
Tel: 004930269357151, -52, -53, Fax: 004930269359238,  
[www.ng-fh.de](http://www.ng-fh.de), [ng-fh@fes.de](mailto:ng-fh@fes.de)

**Publisher**

Verlag J.H.W. Dietz Nachf. GmbH  
Dreizehnmorgenweg 24, D-53175 Bonn,  
Tel: 0049228184877-0, Fax: 0049228184877-29, [www.dietz-verlag.de](http://www.dietz-verlag.de)

**Design Planning**

tiff.any Ltd., Berlin

**Typeset, Lithography, Printing, Production**

Limberg Druck GmbH, Kaarst

**To order individual copies contact**

[heidemarie.pankratz@dietz-verlag.de](mailto:heidemarie.pankratz@dietz-verlag.de)

ISSN 2194-3095

A stylized world map composed of grey dots, with several dots highlighted in red to represent specific countries.

## Recent publications

from the International Departments of Friedrich-Ebert-Stiftung

### **Fair Play in World Trade**

Towards a social democratic redesign of trade policy

THORSTEN SCHÄFER-GÜMBEL et al.

FES Trade Policy, December 2018

### **How to Make Peace Work in South Sudan**

Criteria for More Effective Collective Conflict Management in South Sudan

HENRIK MAIHACK UND ANNA REUS (eds.)

FES Perspective, February 2019

### **The Stolen Wealth**

Opportunities and challenges for civil society in asset recovery

AGATINO CAMARDA UND

JACKSON OLDFIELD

FES International Policy Analysis,

March 2019

### **Populism and the Economy**

An Ambivalent Relationship

CRISTÓBAL ROVIRA KALTWASSER

FES International Policy Analysis,

March 2019

These and further publications are available at: [www.fes.de/international](http://www.fes.de/international).

Stay up to date with new developments in international affairs with the weekly publications newsletter »Neuerscheinungen«, bringing to you the latest and most important analyses, reports and opinions from the Friedrich-Ebert-Stiftung's international departments.

Subscribe today by sending an email with the subject »Newsletter NEUERSCHINUNGEN abonnieren« to [international@fes.de](mailto:international@fes.de).