

Europe in crises, Europe as the crisis?



Oslo
March 14-15, 2013



**HF-12 Selskapslokalet, Niels Trechow's House,
University of Oslo Campus**

Cover Illustration: Rob Ryan, The Euro and Achilles

For more than five years we have been obsessed with crises. First the United States financial institutions were struck. Starting in late 2006, the housing boom, propelled by the growth of subprime mortgages, turned into bust. By the autumn of 2007 the waves of the American financial crisis hit the European shores. The bank run on Northern Rock was the first in Western Europe since the post-war period.

And then hell broke loose. The collapse of Lehman Brothers in September 2008 rendered apparent that this was more than a temporary financial setback. It was a structural crisis. The global financial markets came close to meltdown. Collapse was avoided thanks to massive intervention by public institutions. Radical neoliberals woke up and realised they had become the biggest socialisers in history. Only that socialisation was resorted to not to transform society, but to preserve the value of financial assets. That did not much help the “real economy” (the non-financial sector), and in late 2008 there was a drastic reduction of international trade that triggered a severe global recession.

The worst was avoided thanks again to public intervention (largely thanks to the much maligned welfare states). For a while, there was much talk of reforming capitalism. Such proposals were quickly shelved as political discourses became upbeat again. By summer of 2009 there was generalised talk of “green sprouts”, or what is the same, recovery. That did not last long either. A change of government in Greece revealed the enormous hole in Hellenic public finances. The financial crisis seemed to mutate into a fiscal crisis which dragged down the Eurozone and indeed the entire European Union. By 2010 the hype was the “spread”, the difference between what Germans had to pay for issuing public debt and what the rest, especially Mediterranean countries (relabelled PIGS) had to pay. Just at the time that European institutions and many scholars and pundits were celebrating the successful first decade of the Euro (which had allegedly sheltered Europe from the worst of a crisis “imported from America”), the several structural defects of European monetary union were suddenly revealed, including the assumption that monetary union would lead to the elimination of economic crises. After a whole series of punctual policy decisions and a whole array of structural reforms, all presented at the time as the decisive move to end the European crises, the future of the Euro and of the European political project remains in the balance. The net result of so many developments and so many apparently different crises overlapping and interacting is profound public confusion. What kind of crisis is it? Is it a financial crisis, to be blamed on greed and rotten apples in financial institutions? Is it a fiscal crisis due to lax ethical standards in Southern European countries? Or is it a structural crisis of capitalism, perhaps of financial capitalism? Are allegedly spendthrift and

lazy Mediterraneans to be blamed for getting hooked on cheap inflows of capital? Or are we to blame German bankers for pushing credits without doing even a minimal credit assessment? Whose crisis is this indeed? Who are actually struck by it and suffering from it? And who are benefitting from it? Is debt really an “intergenerational” problem? Or does it keep on being true that there is no debtor without a creditor? If everybody seems to be deeply in debt, to whom do they owe that money? Who is the debtor and who is the creditor?

Europe in crises, Europe as the crisis aims at clarifying the nature of the imbricated crises that the European Union is facing, what kind of action the European Union has taken to govern the crises, and how the European Union and its Member States have been changed by the crises and by the very attempts at governing them.

Three main topics will be discussed in the workshop:

- The structural roots of the present manifold crises of the European Union. Europe is in crisis, but is it just one crisis or several overlapping ones? Whose crises are they? How are those struck by the consequences coping with them? Who pays for the crisis?;
- The policy decisions and structural measures that the European Union has taken to deal with the crises. What has actually been done in contrast to what has been said has been done? Have the crises been dealt with consistently or through ad hoc and disparate measures? Are these measures capable of tackling the causes of the crises, or will fail on account of their being based on wrong policy assessments?;
- The changes that the crises, and the measures taken to govern it, have brought to the European Union and its Member States. We are more than five years into the crises, and it is consequently untenable to retain the assumption that the measures are merely temporary and exceptional, and will be rolled back once the crises are over. The Union has changed. But how? What have been the actual changes to the distribution of competences, the institutional structure and the substantive contents of European constitutional law?

Scientific Convenors and Directors:

John Erik Fossum and Agustín José Menéndez

Administrative Coordinator:

Kadri Miard

PROGRAMME

Thursday, March 14th

🕒 08:45-09:30 Registration

🕒 09:30-09:45 Opening

👉 Erik Oddvar Eriksen, ARENA, *Words of welcome*

👉 John Erik Fossum, ARENA Agustín José Menéndez, Universidad de León and ARENA, *Europe in crises, Europe as the crisis?*

🕒 09:45- 12:50 Session 1: Which and whose crises? Conceptualising the crisis (Chair: Erik Oddvar Eriksen)

How did a crisis in a small US financial market (the subprime market) contribute to an existential crisis for the European Union? What are the means through which the US crisis was transmuted into a multitude of European crises?

What kind of crisis is currently plaguing Europe? Is it mainly a financial crisis? Or is it a sovereign debt crisis? Or does framing the crisis foremost in economic terms conceal and distort attention from political or even deeper structural-institutional – even constitutional - problems?

Was the EU imbued with structural weaknesses that rendered it particularly susceptible to crisis? An important issue pertains to the sustainability of the European economic model – is it sustainable and capable of supporting the important European innovation, the Social and Democratic Rechtsstaat? This requires attention to the viability of the financial model, the relationship between fiscal and monetary policy, the resilience of national tax systems, and the broader contours of the multilevel EU's socio-economic constitution.

What role did transformations in specific Member States (e.g. the neoliberal turn of Britain under Callaghan and Thatcher, the affirmation of ordoliberal orthodoxy in Germany under the steering of the Bundesbank) play in shaping the European socio-economic constitution? What role did the specific design of Economic and Monetary Union as an asymmetric Union play? Were different types of Member States' (core, periphery, Benelux) adaptation strategies to EMU subject to political discretion, or were they structured by these countries' respective economic and financial models? Can a fictitious capital glut be avoided without political powers to shift the burden of adjustment to capital holders?

Which of the structural weaknesses have to do with the peculiar nature of the Union as a synthetic polity and with the policies that have been implemented so far?

🗨️ 09:45-10:20 Dennis Smith

🗨️ 10:20-10:30 Hans-Joerg Trenz

🗨️ 10:30-10:50 Debate

☕ 10:50-11:05 Coffee

🗣️ 11:05-11:40 Jeremy Leaman

🗣️ 11:40-12:15 Fritz Scharpf

👤 12:15-12:25 Agustín José Menéndez

🗣️ 12:25-12:50 Debate

☕ 12:50-14:00 Lunch

🕒 Session 2: 14:00-17:30 How did we get there? (Chair: Agustín José Menéndez)

Is the historical account of European integration a whig kind of historical narrative, i.e. one that assumes integration is a force that leads, with more or less detours, to progress? Has the historical account been sufficiently attentive to the vulnerabilities and fragilities of the EU, and the historicity of the institutional structures, decision-making processes and substantive principles on which European integration has been built? Why have historians made less of a mark on the historical narrative than lawyers and political scientists?

Does the historical account reflect the particulars of the post-war historical context wherein the need to integrate has come to overshadow how integration was proceeding? Does European integration rest on a number of integrationist myths, as Majone claims? How has the notion of the EU as a polity 'sui generis' shaped the historical account of the EU?

🗣️ 14:00-14:30 Mark Gilbert

👤 14:30-14:40 Mai'a Cross

🗣️ 14:40-15:10 Morten Rasmussen

👤 15:10-15:20 Andreas Grimmel

🗣️ 15:20-15:40 Debate

☕ 15:40-15:55 Coffee

🗣️ 15:55-16:25 Giandomenico Majone

🗣️ 16:25-16:55 Kaarlo Tuori

👤 16:55-17:05 Erik Oddvar Eriksen

🗣️ 17:05-17:30 Debate

🕒 19:30 Dinner

Friday, March 15th

⊕ Session 3: 09:30- 12:45 How has the crisis changed the European Union? Crisis government as a vehicle of constitutional mutation (Chair: John Erik Fossum)

In response to the crisis, many decisions have been taken and numerous reforms have been implemented. Five years into the crisis it is clear that such decisions cannot keep on being labeled as temporary and exceptional. To what extent and how have these reforms changed the Union in structural terms?

How has the crisis shaped the process of integration? One effect of the crisis pertains to the failure of soft governance. Has this led to a return of law as a means of social integration, or rather to the hardening of governance?

What are the constitutional implications of the crisis? The crisis response is closely associated with the so-called Union method and the placing of certain of the EU's powers outside the Treaty framework. What are the procedural and substantive implications for constitutionalism in the multilevel EU configuration?

🗨 09:30-10:00 Chris Lord

🌀 10:00-10:10 Anne Elizabeth Stie

🗨 10:10-10:40 Debate

⊕ 10:40-10:55 Coffee

🗨 10:55-11:25 Klaus Tuori

🗨 11:25-11:55 Álvaro de Elera

🌀 11:55-12:05 Fernando Losada

🗨 12:05-12:45 Debate

⊕ 12:45-14:00 Lunch

⊕ Session 4: 14:00-15.45 Does the European Union have a future? Is that future compatible with the democratic political project of European integration? (Chair: Erik Oddvar Eriksen)

What are the democratic implications of the crisis? The crisis has greatly reinforced technocracy at the EU-level and in the member states. At the same time, popular responses to the crisis have reinforced populist parties and movements. One possible result is a mutually reinforcing process of technocracy and populism. How toxic is such a mix? The general assumption has been that integration is accompanied by and stabilized by democratization. Has the crisis severed this link? Under what conditions may further integration reinforce democracy and under what conditions may further integration produce de-democratization (at all levels)?

Can the present European Union rescue the European project? This pertains to: (a) the challenge of developing a viable polity template; (b) the challenge of entrenching it in the present Union;

and (c) the handling of the diversity of values, socio-economic visions and stances and institutional arrangements that mark the multilevel EU.

What does the governing of the crisis do to the prospects of designing a democratically viable European Union? Can the European constitution be rescued by infusing it with the constitutional values at the core of the postwar, pro-integration national constitutions? If the crisis is turning the EU into a state, should we not embrace the state model and ensure it is also a Social and Democratic Rechtsstaat? If a blue-print can be found, can Europe undergo the requisite political transformation when the very idea of a collective European will is contested and essentially undefined?

Is there any chance of making good of the present Union? Or should we go beyond the Union? Can we go beyond the Union without engaging in an act of democratic constitution-making? Is there still a chance of reinvigorating a sustained democratic constitutional moment (after the failed Laeken and the executive constitutionalism of Lisbon)?

A likely prospect is a permanently differentiated Union. How viable in normative and empirical terms would such an entity be?

🗨️ 14:00-14:30 Pedro Teixeira

🗨️ 14:30-15:00 Amy Verdun

🗨️ 15:00-15:10 John Erik Fossum

🗨️ 15:10-15:30 Debate

☕ 15:30-15:45 Coffee

🕒 **Session 5: 15:45-17:00 Does the European Union have a future? Is that future compatible with the democratic political project of European integration? (Chair: Erik Oddvar Eriksen)**

🗨️ 15:45-17:00 Panel Debate on the future and democratic legitimacy of the European Union

🕒 **19:30 Dinner**