
A tale of modern-day capitalism and democracy: in view of the European protests

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BACKGROUND

In recent years, tensions have been running high within the European Union (EU) as mass protests swept through many member states. Countries like France, Greece, Ireland, Italy, Portugal, Spain and the UK saw the worst of people's rage, but demonstrations still regularly erupt all over Europe. Are these outbreaks of unrest merely a product of the on-going economic crisis or the initial signs of an enduring trend? Can they grow political legs, especially with regard to EU integration? And why should elites take heed of them?

The protests in Europe are part of a global and contagious wave of civic activism that has also rocked the Middle East, North Africa, the United States and the Far East, and share with it some distinct characteristics. They are primarily led by young individuals, who harness the Internet and media attention to articulate, exchange and promote political objectives, and call for protests in a virtual space that (often) transcends national borders and institutional means of decision-making. Regardless of the local issues that motivate these 'net citizens' in different countries, their protest is framed everywhere as a general critique of existing governing structures and doctrines.

Two main protest banners

In Europe, this critique translates into popular frustration with the manner in which market capitalism and democracy are put into practice. That is to say, one possible way to make sense of the European protests is to classify the multitude of reasons that inspired them according to the dichotomy between 'economics' and 'politics'; even if individual activists may bring to the streets any (number of) concerns relating to either or both of these two categories.

'It's the economy, stupid!'...

Under the economic 'banner', demonstrators denounced the hardship generated by the global financial and

economic crunch and, in particular, by the sovereign debt crisis. In the context of the euro saga, people rallied against the policy of austerity embraced by European governments as the only path to recovery, which appeared to disproportionately penalise - via mounting unemployment, tax hikes or cuts in welfare spending and wages - those at the bottom of the socio-economic ladder and the younger segments of the population.

The timing, scope and intensity of protest varied greatly across the EU, depending *inter alia* on when and how strongly the crisis and austerity programmes had gripped each country. Member states in the eye of the economic storm (like Greece, Portugal or Spain), pushed into 'shock therapy' to reduce debt, faced large-scale and fierce public unrest. Conversely, countries with sounder public finances, which were less exposed to the brunt of the crisis, experienced more muted and sporadic demonstrations.

Whether from a weak or a strong EU economy, people also mobilised on ideological grounds, to make a moral indictment of what they perceived as a flawed capitalist world order that had benefitted an elite few - but not the many. Unregulated and powerful financial markets seemed responsible for rising unemployment, intolerable social disparity, shrinking opportunity and lopsided wealth distribution around the globe. The dysfunctional and irresponsible banking system appeared to cost governments far too much to keep afloat.

... but don't forget politics!

Along with their opposition to austerity, banks and the global financial system, activists complained about traditional politics too.

Public awareness of massive sovereign debt levels in some EU countries sent shockwaves throughout the population, reinforcing people's already well-documented opinion of politicians as untrustworthy

or corrupt. But it was the tacit agreement of 'bankrupt' European countries' governments to accept drastic austerity and reform programmes insisted on by their EU partners and the International Monetary Fund (IMF) in exchange for loans, as well as stronger EU economies' decision to pour substantial loans and payments into bailout funds for struggling countries and banks - none of which were expressly 'authorised' by the people - that really fired up the masses.

Citizens in the problem-stricken member states (such as Greece, Italy and Portugal) took issue with their governments' 'obedience' in the face of burdensome demands from 'lenders', despite national voters' request for 'breathing space'. People in the 'creditor' countries (like Finland, Germany and the Netherlands) denounced their leaders' decision to use public money to help 'rogue' member states and banks on the verge of economic and financial collapse.

However, despite occasional breaks in EU solidarity, Europeans tended to share the perception that elites were deliberately unresponsive to the interests and demands of voters. Leaders' apparent indifference towards protesters was taken by the latter as confirmation of the popular

pre-crisis sentiment that politicians had become distant from realities on the ground, unable to represent their electorates, and closed to public scrutiny and influence. Their disappointment, bottled up over the years, was uncorked during the recent protests, and citizens swarmed the streets in some countries to make the point that democracy still means rule by and for the people.

They asked for more participatory and local democracy, and proclaimed that government by supranational, 'non-elected' political or financial bodies (such as the EU or IMF), and for the banks or a privileged few, would not meet people's democratic standards or approval. Their call defied politicians' claims that there was no alternative to austerity and bailouts, and they insisted that policymakers must continue looking for solutions.

The protesters did not provide a clear (alternative) reform project; nor should they be expected to fill the problem-solving shoes of political representatives or compete with parties' electoral platforms. Yet their shortage of answers and plurality of requests has made the demonstrations a slippery phenomenon - even for empathetic bystanders - and encouraged some commentators to already pronounce their failure.

STATE OF PLAY

No economic relief...

If the success of the protests hinges on resolving critical bread-and-butter issues and reconsidering the austerity regimes championed by governments throughout the EU, then the situation remains - at least hitherto - intractable.

Far from retreating from the bitter pill of austerity, governments in difficulty have submitted to it, advocating its necessity in order to reduce deficits and revive economies. Yet the healing benefits of austerity are taking time to reveal themselves, if indeed they ever will pay off. Until then, the 'broken' economies face major challenges, ranging from high unemployment, rising inequality and unsustainable public finances to sluggish growth.

While unemployment is generally a catalyst for socio-economic pressures, another cause for concern is the large proportion of young citizens outside the labour market - an EU-27 average of 22.5%, with Greece and Spain holding the record at 53.8% and 52.9% respectively (see *Eurostat*, 2012). As many under-25s remain out of work, training or education for more than two years, they contribute to structural long-term unemployment and raise the prospect of a 'lost generation' in Europe.

Popular uproar might have had an impact insofar as the crisis recipe now also refers to growth-spurring investments alongside austerity measures, but the change is still largely rhetorical, even among newly-elected left-leaning governments, such as in France.

As austerity seems to be ripping up a European social fabric built on the idea of relative equality and a stable middle class, many EU citizens, especially the young, are experiencing an acute sense of *Zukunftsangst* and believe the worst of the crisis is yet to come. Behind this pessimism lies not just anxiety about making ends meet, but also scepticism that the European social model - in its current form - can protect them from global adversities. Therein lies an inter-generational struggle too, putting at risk the social contract if young people perceive their situation - particularly mounting debt - as a burdensome inheritance from their parents.

... or democratic breakthrough

If the triumph of the European protests depends on restoring a sense of democratic control to the people, the balance of power is still tilted in favour of elites and institutions in the national - but increasingly also beyond the national - arena of politics.

The EU decision-making process that led to hefty bailouts of the 'programme' countries and the banking sector, and to massive cuts in social entitlements, is no more accountable, inclusive or 'sympathetic' to the people now than it was before the onset of protest. The lead role assumed in managing the crisis by the European Commission, the European Central Bank (ECB) and the IMF - to the detriment of parliamentarians in member states and at EU level - stirred public sentiment against 'external interference' and cast doubt over the democratic

legitimacy of the political response. Given the ineffectiveness of the solutions adopted, trust in the EU institutions has plummeted to historic lows (31%) (*Eurobarometer*, 2012).

Recent decisions to have the ECB buy unlimited bonds of 'debtor' countries (*Outright Monetary Transactions* programme) and lead the single EU supervisory mechanism for banks in the euro zone might overcome the protracted liabilities of the single currency. However, they also help to strengthen economic and monetary union, as well as to prepare the ground for a future banking union in Europe, both of which are deeply political developments that curtail national prerogatives without popular debate or consent.

As such, EU citizens, who now have to shoulder the crises unfolding in their own countries or other member states, are realising that their governments are equally marginalised in the decision-making process and can no longer deliver their campaign promises to voters. In the 'debtor' countries, governments must go cap-in-hand to

ask for help from their European partners and the IMF. In the 'lender' countries, politicians must agree to collective action at EU level (transferring further competences to 'Europe' or 'signing cheques' to help weak economies and tumbling banks) by virtue of their membership obligations and given the risk of (disorderly) default.

Yet these 'external' constraints on elected representatives remain taboo subjects in domestic political discourse. For their part, via protests, Europeans have now publicly acknowledged the choked-off nature of national politics. But their domestic leaders still keep quiet to electorates about the straightjacket of EU politics and global markets that they must sport every day. It is precisely this lack of candour on the part of elites that causes the public's patience with politicians to wear thin and boil over into protest. Moreover, the appointment of technocrats in or at the helm of governments in countries like Greece or Italy, who do not seem to cause any more social harm than their elected predecessors, strengthens the popular perception that the political class has seriously lost its way.

PROSPECTS

Despite their apparent failure to change the policy of austerity and the quality of democracy at national and EU level, dismissing the protests as transitory and irrelevant could prove ill-advised.

Putting down roots?

The demise of grassroots activism is not a foregone conclusion - in some countries it is actually growing. The insecurity that has hijacked the lives of many European citizens - who somehow grew up thinking that the 'good times' would last forever - and people's unwillingness to accept the need to cut back on public expenditure and wages, may explain the outbreak of protest. However, the threat of a future worse than the present and the prospect of a society for the next generation at odds with long-standing public expectations of social and economic justice is likely to maintain popular indignation and exacerbate - rather than stop - protests.

Mounting concern about the potential breakup of the euro and the further deterioration of the economic crisis - or at best the impossibility of returning to previous growth levels - combined with structural problems of shrinking demographics and the inability of European governments to square their voters' mandate with other mandates they have acquired from international treaties and agreements (with the EU, the IMF, the World Bank), lend credibility to this gloomy scenario. Having no hope and nothing to lose works up a strong appetite for protest.

Unfettered access to new information and communication technologies in the Internet age stands to encourage and facilitate popular demand for political participation and

deliberation in the years ahead. Current democratic practices must adapt to these new realities and accommodate popular input, or else they will continue to be openly (even dramatically and irrationally) challenged by citizens.

Starting a domino effect?

The broader implications of these movements for representative democracy and European integration should not be underestimated.

Contentious public political action is a symptom of 'healthy' democracy to the extent that it helps ordinary citizens to be conversant in issues of common interest or proposed reform, and makes elites aware of and responsive to people's collective grievances and aspirations. However, if activism bypasses political parties, which are central to representative democracy in Europe, and substitutes - rather than being an extension of - conventional forms of participation in democratic life (such as voting or doing party-linked work), it calls into question the modern-day meaning of democracy.

How is popular involvement and control to be realised if people do not use institutional tools and parties lose their representative role? And how can governance be legitimised if policymaking is increasingly depoliticised and devoid of public input?

There is no definitive answer. Instead, cynicism about politics - of the kind evident in the recent demonstrations - is married to long-standing and dormant symptoms of popular disenchantment with democracy, such as falling

levels of party membership or public trust in politicians, declining turnout in national and EU elections, and surges in support for populist parties that harness social discontent and claim to offer a 'new brand' of politics with simple solutions to complex problems. But this train of events might derail from its democratic tracks. Thus, the EU protests could herald not just the organic further development of democracy, but its lamentable substitution with alternative ideological orientations.

Mounting cynicism towards national politicians and democratic practices is also growing into cynicism towards the elitist EU integration project, which has now been further discredited by the social effects of the crisis recipe. At a time when EU leaders contemplate or advocate federal solutions to the euro zone's problems, citizens seem reluctant to accept the idea of handing 'Brussels' more power. As it would seem impractical to keep pressing on with integration without public support, this growing confidence crisis in politics and politicians could spell bad news for the future of the Union.

(Im)possible choices for the future?

It is against this backdrop that any steps forward in reform must be evaluated. The need to narrow the widening gap between policymakers and the people, and to get citizens on board in terms of EU integration, is sure to put national and EU politicians under a great deal of strain when making difficult decisions.

One reason for this is that getting the current economic tempest under control will not in itself do the trick. Not that reducing budget deficits, restoring growth, creating jobs, regulating the financial sector, stabilising the euro or any of the other priorities presently on the minds of European policymakers would be a trouble-free walk in the park. In fact, quite the opposite: whether and exactly how member states and the EU will be able to weather this crisis is still unclear.

But if strong economic performance and the problem-solving capacity of national governments and the EU were sufficient to win over the people, then cynicism towards domestic politics and negative outcomes in successive referenda on EU treaties would not have been seen before the crisis. Yet these have been enduring issues, and they are unlikely to disappear once the on-going economic woes have come to an end.

Two other reform ingredients are crucial. First, the social dimension of the economic strategy must be taken to heart by politicians. Citizens' concerns in areas like income distribution and access to public services must be factored into austerity plans. The role of investment

in social capital to achieve sustainable growth and maintain a competitive edge *vis-à-vis* the rest of the world needs to be revisited, and the social responsibility of states has to be redefined.

Second, people must redeem their fundamental democratic right to make their voice count in collective matters. More should be done to boost public input into national and EU political affairs. More opportunities should be created to boost direct popular participation in decision-making (such as by electronic voting, including to elect the European Commission president, citizens' budget committees, deliberative polls or discussion/consultative forums on reform proposals). Communication campaigns on EU affairs by politicians, media and other opinion shapers in member states must be more frank.

Can these socio-economic and political issues be addressed effectively at national level given the Europeanisation and internationalisation of policy parameters that oblige governments to respect an increasing number of principles outside the realm of domestic politics? In traditional terms, is party mediation still necessary and political representation still possible given the transformation of public spaces by globalisation and communication technologies?

But if member states are indeed humbled by the job at hand, will they come clean to their electorates about what they can and cannot do any longer, and about why the EU matters? Will they try to compensate for their limitations in the national arena by strengthening the EU's capacity to provide joint, adequate policy solutions to the major internal and external challenges overburdening individual member states? Will the EU become a forerunner in the quest for a narrative of post-national democracy and 'capitalism with a human face'?

These are not easy questions, but one great merit of the protests is that they have raised their profile. There is a debate to be had: listen and communicate, as well as legislating. The outcry of these social movements should not fall on policymakers' deaf ears: democratic and social liabilities are integral parts of Europe's economic problems! Marginal reforms that do not simultaneously address all these issues as part of a new, common vision for the EU will prove inadequate and will see public unrest return with a vengeance in the future.

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