

No.
03
2019

ASPEN Review

ASPEN.REVIEW
CENTRAL
EUROPE

COVER STORIES Sergei Guriev, Robert Kagan, Bruno Maçães, Maria Skóra, Mihai-Răzvan Ungureanu
POLITICS Ivan Preobrazhensky ECONOMY Magdolna Csath CULTURE Benjamin Cunningham INTERVIEW Olga Lomová



Saving Europe?

Orbán's Peacock Dance
The Age of De-modernization

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CONTENTS

- 04** *FOREWORD* Saving Europe's Body and Soul
Jiří Schneider
- 06** *EDITORIAL* Pro-European and Eurosceptic
Aleksander Kaczorowski
- 10** *INTERVIEW* with Sergei Guriev:
Europe Is Still a Success Story
Jakub Dymek
- 16** The Dawn of Eurasia
Bruno Maçães
- 24** *INTERVIEW* with Robert Kagan:
A New Liberal Order and the Law of the Jungle
ASPENIA
- 34** The New Kingmakers in the EU
Mihai-Răzvan Ungureanu
- 40** AYL The New MFF: A Horizon of Hope for Central and Eastern Europe?
Maria Skóra
- 46** *INTERVIEW* with Olga Lomová:
Control of the Digital Infrastructure Will Enable China To Impose Its Demands By Force
Robert Schuster
- 58** *COMMENT* Populist Myths
Alexander J. Motyl
- 62** The New Conservatism
Roman Joch
- 70** *INTERVIEW* with Ivan Preobrazhensky:
From Russia's Perspective, Central Europe Does Not Exist
Zbigniew Rokita
- 77** Orbán's Peacock Dance
Robert Cseh, Edit Zgut
- 83** North Macedonia Wants To Go To the West
Miłosz Pierkowski
- 90** The Age of De-modernization
Jan Sowa
- 97** Middle-Income Trap in V4
Magdolna Csath
- 108** Ownership of Media and Freedom of Speech in the V4
Václav Štětka
- 115** Sound the Alarm
Benjamin Cunningham
- 122** On the European Union Learning to Practise Realpolitik
Martin Ehl
- 126** New Conservative Wave in Eastern Europe
Robert Schuster

Saving Europe's Body and Soul

Dear Readers,

We have covered Europe's development quite regularly in Aspen Review. Points of view have varied from those ringing alarming bells to a business-as-usual perspective. Despite the picture of a constant crisis in the media, European societies have shown a relatively high level of resilience against financial or migration challenges and have not resorted to extreme political reactions. Perhaps, except Brexit...

Are you concerned about the future of Europe? Is it because of the state of the economy, society, the environment or all combined? Will Europe be able to maintain its competitiveness? How many of the challenges Europe is facing can be attributed to technological changes and the progress of automation? Is Europe going to lag behind others and become an irrelevant object of geopolitics rather than an active subject in the international balance of power?

In this issue, the author of “Dawn of Eurasia”, Bruno Maçães convincingly argues that Europe cannot be understood from within but only from a broader perspective since “*Europeans are dependent on forces they cannot control*”. He concludes that “*Whether Europe moves towards a genuine political union is a story where China—not Germany or France—will play the main role*”, although this might sound a bit provocative after the recent deal on the leadership of EU institutions concluded between France and Germany.

As external influences are beyond Europe’s control, it can influence a great deal from inside. To what extent is the shape of Europe defined by its own institutions—be it the Council of Europe or some of the institutions of the European Union? Or can it be measured by the state of national institutions? I would argue that Europe—including its institutions—is formed first and foremost by the social, economic and political behavior of its inhabitants. Europe is simply us. Does that mean, however,—recalling the topic of the last issue—Europeans as citizens or customers?

Judging from the recent election to the EP, Europe seem to be increasingly fragmented. The center right (EPP) and center left (PES) will no longer form a dominant force. We shall see how the European Parliament—politically empowered by the Lisbon Treaty—will exert its influence vis a vis the European Council and the Commission.

Several years ago, Robert Kagan juxtaposed the soft and hard power of Europe and the US respectively in the celebrated dictum “Europeans are from Venus, Americans from Mars”. It may sound surprising that he views Europe as a symbolic guardian of liberal order—“*But only Europeans can bolster liberal democracy at home to preserve it in a world where it is increasingly embattled.*” In an interview reprinted from our sister Aspenia-journal, Kagan values the soft power of Europe in terms of maintaining the flag of liberal values. “*The fate of Europe as a set of liberal, open, democratic societies matters immensely to the future of our world order.*”

Perhaps we should not panic. I hope the readings in this issue will serve to make you more determined to carry on.

JÍŘÍ SCHNEIDER
Executive Director, Aspen Institute CE

Pro-European

This year's elections to the European Parliament in the Czech Republic and Slovakia did not bring any major surprises. Traditionally, turnout was among the poorest in Europe (29% in the Czech Republic and 22.74% in Slovakia), confirming the low level of public interest in European issues.

Nevertheless, as many as two thirds of the new MEPs (14 out of 21 for the Czech Republic and 8 out of 13 for Slovakia) have joined the ranks of four pro-European factions that will be calling the shots in the European Parliament in the coming years: the European People's Party (EPP), the Progressive Alliance of Socialists and Democrats (S&D), the liberal Renew Europe (former ALDE) and the European Green Party.

Only a minority of the MEPs will be in marginalised groups such as the European Conservatives and Reformists (ECR), Matteo Salvini's and Marine Le Pen's Identity and Democracy (ID), or the radical left-wing GUE-NGL (in contrast to the Polish deputies).

It is also worth noting that in the Czech Republic and Slovakia (as in the other countries of the Visegrad Group) the largest number of MEPs joined the ranks of centrist and centre-right groups: the European People's Party (EPP), the liberal Renew Europe (RE) and the conservative ECR (15 out of 21 for the Czech Republic and 8 out of 13 for Slovakia). This means that also in Prague and Bratislava socialists (or rather parties that tried to resurrect the social democratic traditions after half a century of communist rule) seem to have their best years behind them.

and Eurosceptic

In the Czech Republic, the co-ruling Social Democrats, who scored 3.95%, failed to obtain even one mandate. Candidates of the Slovak social democratic Smer did better, but even in this left-wing party the mood is far from jubilant. With 15.72% of the vote, Robert Fico's party came second and its three MEPs joined the Socialist Group (S&D). The coalition of extra-parliamentary groups associated with the unexpected winner of this year's presidential election, Zuzana Čaputová, is celebrating a great success. The candidates of the liberal Progressive Slovakia (Progresívne Slovensko) and the Christian party Spolu (Together) took advantage of the president's electoral success by winning 20.11% of the vote and four seats.

In the new parliament, as previously agreed, two MEPs from Progressive Slovakia joined the liberal RE and two representatives of Spolu went to the Christian Democratic faction of the European People's Party (EPP). However, European Christian Democrats can count on a total of five MEPs from Slovakia, as two Christian Democratic Movement candidates (KDH, 9.69%) and the first Roma MEP from Slovakia, Peter Pollák, representing OL'aNO (Ordinary People and Independent Personalities, 5.25%), also netted one mandate. Two MEPs of the opposition party Freedom and Solidarity (SaS, 9.62%) joined the ranks of the ECR. Two representatives of Marian Kotleba's far-right People's Party—Our Slovakia (LSNS, 12.07% and third place) also took their seats in the European Parliament, but did not find allies in any faction.

In the Czech Republic, the European liberals were the biggest winners. There are six of them, and if it were not for the logic of internal political rivalry in that country, there could have been nine. Both the winning ANO party (21.18%, six seats) of Prime Minister Andrej Babiš and the Czech Pirate Party (13.95%, three seats) declared their willingness to work with the liberal ALDE before the elections. However, as the leaders of the Czech groupings ruled out joint membership of this faction, the leaders of European liberals Guy Verhofstadt and Emmanuel Macron chose to continue their cooperation with the ANO team, which is twice as numerous. Faced with this situation, the Pirates joined the European Greens.

The European People's Party, the largest group in the new European Parliament, can count on three members of the STAN-TOP09 coalition (11.65%) and two members of the People's Party (KDU-ČSL, 7.24%). Four politicians from the Civic Democratic Party (ODS, 14.54%) will join the European Conservatives and Reformists (ECR) faction. Two members of Tomio Okamura's extreme right-wing party Freedom and Direct Democracy (SPD, 9.14%) joined the new grouping led by Marine Le Pen and Matteo Salvini.

In Slovakia, as in Poland, the European poll was the last test before the parliamentary elections. It will take place in the spring of 2020—and that is all we know for sure. Despite the defeat in the European elections, the ruling Smer still heads the polls. However, the party may lose power to a coalition of opposition parties, including the PS-Spolu coalition around Zuzana Čaputová. Politicians of these parties are currently in talks with former President Andrej Kiska, who also intends to take part in the parliamentary elections at the head of his own party. However, there are even more candidates to take power; there are at least six centre-right and centre-right parties that have the chance to take some seats on their own. Currently, Čaputová's associates from the PS-Spolu coalition have joined this group, which will make

the power struggle even more complicated and possible coalition talks even more difficult. However, there is much to suggest that some coalition with the supporters of the outgoing president and his successor will be formed. If in less than a year from now it takes power, Slovakia will have the most pro-European government in the region.

In the Czech Republic, despite many-thousand-strong anti-government demonstrations, there are no signs of a revolution. Even with a modest turnout (and thus a moderate mobilisation of the electorate) Andrej Babiš not only was able to win the election, but even increased his party's gains by two seats (from four to six). Divisions within the opposition are also working in favour of Babiš. The two strongest opposition parties, the Civic Democratic Party and the Czech Pirate Party, eagerly invoke liberal ideas and traditions, but they understand them in quite different ways. Despite a similar urban constituency, they are on the opposite poles of the political spectrum. This is also evidenced by their European affiliations (ECR versus European Green Party).

Strong showings of the two far-right parties, Tomio Okamura's SPD and Marian Kotleba's LSNS, testify to the fact that after years of radical left-wing dominance, extreme nationalists in the Czech Republic and Slovakia have won the hearts of the most disaffected citizens. Thus, parties hostile to membership in the European Union and NATO have become a permanent fixture of the political landscape of both countries. However, thanks to the pragmatic policy of the liberal-left populists from ANO and Smer, the Czechs and Slovaks, the two most Eurosceptic nations in Europe, have the most pro-European governments in the Visegrad Group for years. And they elected the two most pro-European delegations to the European Parliament in the region.

ALEKSANDER KACZOROWSKI

Editor in Chief Aspen Review Central Europe

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JAKUB DYMEK

COVER STORY
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MIGRATION
BREXIT

Sergei Guriev: Europe Is Still a Success Story



The greatest evidence of Europe being a success is how people from outside Europe want to move there. It is a free and peaceful place and offers a social and economic model which is sustainable—says Sergei Guriev in an interview with Jakub Dymek

JAKUB DYMEK: Many claim Europe is in a permanent crisis and one problem is piling on top of another. I don't want to ask you for any simple solutions, but whether we—as Europe—have managed to fix even one of the crises already?

SERGEI GURIEV: First, I would not agree that Europe is in a state of permanent crisis. Europe is still a success story. When you look at surveys, you see that people—even in countries hit the worst by the last financial crisis—do support staying in the European Union. Those in the eurozone support keeping the euro. This is not to say that there were no mistakes made or that the European project is complete. It is not: financial architecture, labor mobility, banking and capital market union, common market in services, portability pensions and social benefits—all of these are issues that prevent the construction of a genuine union as envisioned by

The idea behind the European project was to create a common market and a common market has been achieved. The EU was founded to promote peace and Europe is peaceful.

the founders of the European project. But the greatest evidence of Europe being a success is how people from outside Europe want to move there. It is a free and peaceful place and offers a social and economic model which is sustainable. As for the legacy of the recent crisis, in some countries the problems occurring from the financial crisis have been solved, in other they have not. In Germany, unemployment is actually lower than before the crisis, while in southern states it still remains high, especially among the youth. Over large parts of the continent challenges caused by the previous crisis still loom large.

But regardless of these issues you consider yourself an “euro-optimist”?

Yes I do. The idea behind the European project was to create a common market and a common market has been achieved—even if not in its most comprehensive and complete form. The EU was founded to promote peace and Europe is peaceful. It was—generally speaking—a success.

However, in one of your recent papers you've mentioned an “European trust crisis”. What about it?

This is exactly what happened during the recent financial and economic crisis. In European regions, where there was a large increase in unemployment, citizens lost trust in politicians and the elites and started voting for populists. The economic crisis is mostly gone but the lack of trust lingers. It is not synonymous with the permanent crisis you're talking about, but it is a challenge nonetheless. We need to ensure that we regain this trust and be certain that all people in the EU benefit from the economic recovery.

In terms of data what does this mean?

As we demonstrate in our paper, in the South, the trust towards European political institutions fell from 51 to 37 percent and the trust to national political institutions fell from 55 to 40 percent. The trust of people towards one another or to the police didn't really change, but the trust towards institutions and politics did. Europeans blamed the crisis on European and national politicians and therefore trust in those institutions diminished. Another factor I want to mention: the effect of the increase on unemployment due to the crisis on voting for populists. Our analysis indicates very large magnitudes: a 5% rise in unemployment translated into a 5-10% increase in the populists' vote share.

Which efforts in combating this problem can you point to as successful?

Eventually, it is about creating a sustainable and inclusive market economy, promoting growth and sharing the benefits of these growth broadly. This means enhancing competitiveness, investing in human capital and infrastructure. Our analysis of investment in infrastructure in the West Balkans in the recent Transition Report shows large effects. We look at 49 road and railroad projects, realized there since 2000, and analyze the impact on the GDP and well-being of residents of individual West Balkan countries. We have found that these projects will deliver GDP and well-being increases by 1-2% (depending on the country) by 2040. As for unemployment, in this part of Europe (CEE), the problem is not unemployment but rather the shortage of labor. The unemployment problem in CEE was essentially solved by western markets to eastern citizens.

The economic crisis is mostly gone but the lack of trust lingers. We need to ensure that we regain this trust and be certain that all people in the EU benefit from the economic recovery.

We sometimes call it the “export of unemployment”.

Which is not strictly true because migrants tend to work in the countries they have moved to. But the problem,

for the new member states, is how to eventually bring these people back and put their skills to work on domestic job markets. This is not a permanent crisis, but a permanent challenge. We estimate the impact of this brain drain on the new member states' economies and find the major negative effect of brain drain on productivity of companies. Another issue is the issue of fairness. Many people believe that it is unfair for Eastern taxpayers to fund education of future doctors or nurses in Western hospitals. I'm strongly committed to free movement of labor, but the questions of fairness must be taken seriously, discussed and addressed.

As a euro-optimist, who is a strong advocate for the free movement of labor, you must be really puzzled by the whole public debate surrounding Brexit.

As the UK is one of the shareholders in EBDR, I'm not going to comment on the politics of Brexit. I can, however, discuss the facts and figures. The Brexit campaign claimed that Brexit will bring 350 million pounds a week back to the UK—a false claim that was disowned by the Brexit campaigners themselves right after the referendum. Economists have looked, however, at the loss of economic growth and GDP the Brexit had already cost. These estimates say that there is around 300-350 million pounds weekly loss for the UK GDP since 2016.

The exact opposite of what the brexiteers claim?

Yes. The British economy could have grown faster, but the migration of skilled people has already started and the uncertainty of the market and policy is taking its toll. One of the problems is also inflation connected to the depreciation of the pound. Most of all, the uncertainty of Brexit has reduced incentives to invest. This will have an effect on other member states, Poland in particular. Some people say that if the Polish migrants to the

In this part of Europe (CEE), the problem is not unemployment but rather the shortage of labor. The unemployment problem in CEE was essentially solved by western markets to eastern citizens.

UK came back, it would be a positive factor, but on the other hand Britain is an important market for many Central-Eastern European countries, including Poland, and if the British economy slows down, it will have a negative impact on the countries in the CEE region.

What is “the job polarization” problem you mentioned [in the lecture]

It is a major problem: because of globalization and technological change there's growing inequality in the job market. Jobs are created at the top and at the bottom of the skill distribution;

Britain is an important market for many Central-Eastern European countries, and if the British economy slows down, it will have a negative impact on the countries in the CEE region.

the number of middle-skilled jobs decreases. The high-skilled employees' productivity is reinforced by automation and globalization: these are the jobs in technology, entertainment, finances and other knowledge intensive services. There is a growing demand for such specialists and their wages are rising. There are also jobs created at the bottom of the skill distribution—routine manual jobs that are paid very poorly and are therefore too cheap to automate or outsource. And the jobs that are being destroyed are those in the middle, blue-collar jobs and routine white collar jobs: administrators, secretaries, clerks. People who lose their jobs have to either move to sectors demanding a high level of skills—which is difficult. Or they can also move down the ladder, but then the salary goes down. Moreover, the more middle-skilled people go to the low-skill segment of the job market, the larger the supply of labor which drives these wages further down. Or... you can move out of the labor force altogether. And this is what we're seeing in the United States. These people are natural voters of populist politicians...

...but?

The populists cannot solve this problem, because the solutions are provision of public goods, lifelong education & investment in skills, not protectionism and Luddism. The policies should promote equal opportunities for the children of those who lose their jobs. If you lose your job in the US, for example, your children should have guaranteed access to health-care and good education in order not to inherit the problem. Unfortunately, this is not exactly the case at the moment. And this is not what populist politicians are talking about—this is what progressive politicians are talking about and been doing actually. These policy proposals are not easy to develop and implement but there is no other choice. This is also one of the areas where Europe performs better than the US.

And yet another policy area I want to ask you about. Is some form of European Green New Deal possible?

We—as EBRD—have a commitment to do 40% of our business in green projects. Green transition is our top priority. We now see this intergenerational divide on green issues—the younger generation of voters, as we have seen in the European Election polls, have driven this “green wave” to success.

Instead of “a populist wave” we have been warned about?

Yes.

When we talk about a sustainable and inclusive market economy as a destination for our countries, we have to take into account the well-being of future generations and those who yet have to be born. Which policies can help promote environmental sustainability? The consensus choice among economists is carbon tax. When you buy cigarettes or alcohol you pay an additional tax and you know why this tax exists.

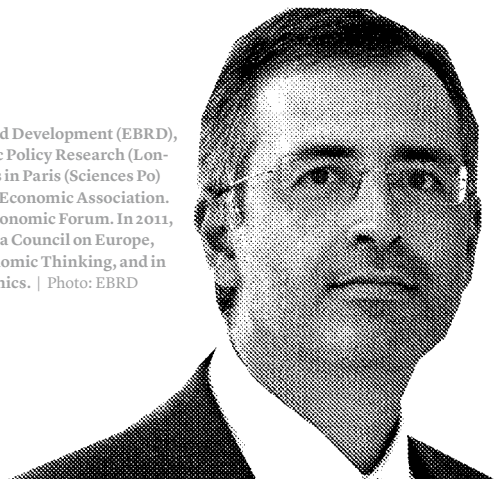
The big issue is how to make sure we redistribute the carbon tax back to people. In the US there is a proposal

The policies should promote equal opportunities for the children of those who lose their jobs. If you lose your job in the US, your children should have guaranteed access to health-care and good education.

signed by 3,550 economists to introduce carbon tax and redistribute the revenues by simply sending a check to all American families in equal amounts. When the redistribution is not carried out in a transparent and fair way, there may be a major pushback—as the yellow vests protests in France showed. The government introduced a diesel fuel tax, which in practice meant taxation of people in less urbanized areas driving to work. And those already privileged in Paris, who use subsidized public transit, would thus benefit—enjoying better quality of air and getting the revenue to pay for public transportation. It is key to ensure that the benefits from the carbon tax are shared fairly. This is where the nexus of this discussion will be—not whether to introduce a carbon tax, but how to most effectively and justly redistribute the revenues from it.

SERGEI GURIEV

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ASPEN.REVIEW
BRUNO MAÇÃES

COVER STORY
EURASIA
IMPERIALISM
CHINA
HISTORY

The Dawn



of Eurasia

Eurasia is a new political reality. Even a determined effort to trace its history and prehistory will not take us more than a century back. We are perhaps celebrating its first centennial, but the suspicion is that in the century now beginning the Eurasian world will play the critical role for which geography has no doubt prepared it.

There have always been attempts to bring the whole supercontinent together. The stirrings of Alexander or Genghis Khan were basic expressions of the longing to break the divisions between east and west. Even Columbus wanted to reach the Far East by sailing west. Vasco da Gama had the same dream and tried a third route.

With the age of European imperialism, there was a move both closer to and further away from a combined Eurasia. For the first time it became possible to think of the supercontinent as a single political whole under a common rule. Had Europeans included China in their orbit and had they developed a stable system of power in Europe—an effective Concert of Europe—a vast Eurasian empire would have become possible for the first time.

From the very moment when European rule was established in the old Asian lands, the image of its future collapse was already visible, provided one wanted to see it.

It was not to be and for obvious reasons. The European conquest of Asia—the European empires in India, Indonesia, Southeast Asia and the Middle East—was rooted in a fundamental, intractable division between Europe and Asia. Europeans arrogated for themselves the right to rule Asia because they considered themselves different from and superior to Asians. As Tocqueville put it, “we should almost say that the European is to the other races of mankind what man himself is to the lower animals: he makes them subservient to his use, and when he cannot subdue he destroys.” It was not as Eurasians that Europeans wanted to rule Eurasia, so the effort was doomed to failure. The contradiction could not be overcome.

The Weakness of European Imperialism

Historians now understand much better how weak and fragile European imperialism truly was. Everywhere its challenges and failures were contemporary with its successes. From the very moment when European rule was

established in the old Asian lands, the image of its future collapse was already visible, provided one wanted to see it. In this respect, the European imperial adventure was remarkably similar to the Mongol empire, whose dissolution into different regional spheres started with the death of Genghis Khan, the man who built it.

In their expansion European empires were also sowing the seeds of their future fall, as they spread the secrets of technology and organization which alone had granted them concrete advantages.

This is nonetheless insufficient and perhaps unfair. The European domination of Asia was much more consequential than Mongol rule could have aspired to be. The Mongols were able to conquer a vast section of Eurasia because they developed one or two innovations in the art of war, but the technology to hold Eurasia together was much beyond them. Not so for Europe. One can endlessly discuss whether Europe was able to build large empires in Asia because it was technologically so advanced or whether it became technologically advanced in order to conquer Eurasia.

I myself incline towards the latter hypothesis, but be that as it may what cannot be doubted is that with modern science and technology Eurasia could for the first time be thought of as a single unit. Shipping, rail, instant communications, banking, insurance and the Suez Canal made it possible. Education, scholarship, the historical and human sciences, the study of languages, even archeology—all these were critically important.

An Unquestioned Rebuilding of Asian Societies

As it happened, Europeans were so convinced of the superiority of their way of life that they eventually tried to export it. Their ability to shape and rebuild Asian societies from the ground up was unquestioned. The influence traveling from west to east was for the first time breaking the barriers of distance and even political borders. But paradoxically, in their expansion European empires were also sowing the seeds of their future fall, as they spread the secrets of technology and organization which alone had granted them concrete advantages. One day, if and when the influence started to flow in the opposite direction, Europe might even lose its individuality, just as Asia has lost hers with the onslaught of European civilization.

Tangible change arrived in 1919, exactly one hundred years ago. As the historian John Darwin showed, this was a year of momentous endings and beginnings. We are still experiencing the late and final developments of what started in 1919.

In March, British officials reported riots in Cairo, the city linking Europe and Asia. In India, a new rebellion had to be crushed at Amritsar. After the massacre it would never again be possible to defend the legitimacy of British rule over the supercontinent. In 1919, Mustafa Kemal shook off European power from the dying Ottoman state. It was the second of the three twentieth-century revolutions by which long-living Asian nations affirmed their ambition to build a new global order: Russia first, then Turkey and finally China. The May Fourth movement of 1919 in China was a national uprising against Western influence—cultural and political—and the initial impetus from which the last century of Chinese history took off, practically in a straight line.

China is a European Power

What could be witnessed in 1919—if only one had the ability to see the future as soon as it appears on the scene—was the initial attempt to build sovereign and autonomous political nations in Asia. The genie was out of the bottle. Europeans had built a system of power that crisscrossed the full

The change is more drastic as China is active in Europe from the opposite end of Eurasia. It draws many European countries to its major geopolitical initiative creating new internal European divisions in the process.

extent of the Eurasian supercontinent. Asians would of course be unable to close those dams again, but they could try to make them work in both directions, by using the same tools that had been used against them. This could be seen in 1919. Kemal, after all, built a state along European lines in order to better resist European power.

Now, a hundred years later, the prophecy has been realized. China is a European power.

At some point, as we know, Russia became a European power. Perhaps that was already the case with Peter the Great, perhaps it came to pass later in the eighteenth century with Catherine. The European system of power

Populist parties now competing for power in many European countries should immediately remind us of populist movements in developing countries, where their support was closely connected to the sense of dependence.

changed after that. Today, however, the change is more drastic as China is active in Europe from the opposite end of Eurasia. It draws many European countries to its major geopolitical initiative, the Belt and Road, creating new internal European divisions in the process. It has launched a new association of states including a dozen members of the European Union and five countries in the Balkans. Recently, the British Secretary of Defense was forced to resign in an affair involving a decision by the Prime Minister not to ban Huawei from the British telecommunications infrastructure.

Europe Should Enlarge the Sphere

If before the modern age, different units across Eurasia could be understood in isolation—the Habsburg, Ottoman and Mughal empires are probably the last illustration of such a system—and if with the age of colonial empires only Europe could afford a form of splendid isolation—being able to shape the world without being influenced by it—now Europe is part of the Eurasian system and perhaps only the United States can aspire to inhabit a world all its own.

What I call the dawn of Eurasia—the title of the book where I attempted to announce this series of developments—is first and foremost a call to enlarge the sphere. Today no major question in Europe can be understood in strictly European terms. Take the growth of populist parties. There is of course an intellectual fashion to see it as a result of internal developments: growing inequality, the eurozone crisis, a fall in public investment, neoliberalism and the financial elites.

It is reassuring to believe that the causes of political radicalization are internal because in that case they can be addressed and the solution will leave us with a fairer and more equal society. In reality, populist parties now competing for power in many European countries should immediately remind us of populist movements in developing countries, where their support was closely connected to the sense of political and economic dependence—often formalized by colonial relationships—towards Europe and the United States.

A World Where European Nations Are in Danger

Listen to what populists in Italy or Poland or Hungary are saying. There is remarkably little about the ills of the existing social and economic structure. In countries such as Hungary or Poland the ruling parties have actually deepened those structures and appealed to foreign investors with the prospect of favorable labor laws and tax incentives. Their electoral appeal and the tangible core of their proposals is something else. They describe a world where European nations are in danger of disappearing, swamped by external forces they cannot control: immigration, terrorism, trade and the power of global bureaucratic elites. Their promise is to return us to a world where Europe felt protected from external influences. It is the rise of the repressed that frightens populist leaders and those who vote for them: Islam and terrorism, China and economic dependence, and above all the fear of what they see as a form of colonization in reverse, with the arrival of successive waves of immigration and the irreversible transformation of European societies. Even their view of the European elites reminds us of the old nationalist movements in the Middle East, China or Japan, where local Westernizers were invariably accused of serving obscure foreign interests, to which they would readily sacrifice their own peoples.

We shall understand very little of populism in Europe today until we replace European politics with a much wider framework of reference. The loss of relative power by European countries created the new political reality of a Eurasian field of forces—influence now increasingly flows from east to west and no longer just from west to east—and the corresponding perception that Europeans are dependent on forces they cannot control. Populism is the reaction to these facts.

A Long Holiday from History

The same could be said of the intellectual and political debate on European integration. Again, the determinants are said to be internal: the dynamics of agreement and disagreement between Germany and France, the persistent lack of convergence between core and periphery or the impact of special economic interests. Overlooked are the much more decisive facts of power competition across the Eurasian political landscape.

A political union in Europe has so far remained a distant promise and perhaps the reason is that the most basic ingredient of political unity was lacking: the fear that brings people together to face an external threat.

The United States played a critical and often overlooked role. By extending an unconditional security guarantee to its allies, it ensured that the Soviet Union would never become an existential threat to Europe. At the same time, American society and politics were too similar for Europeans to feel genuinely threatened by the extent of American power. The geopolitical limbo was comfortable enough and Europe took a long holiday from history. A political union was postponed more or less indefinitely. Now the stage for a great historical drama is set—a Eurasian stage from Lisbon to Shanghai. The United States does not seem to have either the capacity or the willingness to replicate its role during the Cold War and China has started to appear as a much greater threat to Europeans than the Soviet Union ever did.

A political union in Europe has so far remained a distant promise and perhaps the reason is that the most basic ingredient of political unity was lacking: the fear that brings people together to face an external threat.

The fears may well prove to be overblown, but one way or another Europe and China are now so closely linked that their political destinies can no longer be understood in isolation. Whether Europe moves towards a genuine political union is a story where China—not Germany or France—will play the main role.

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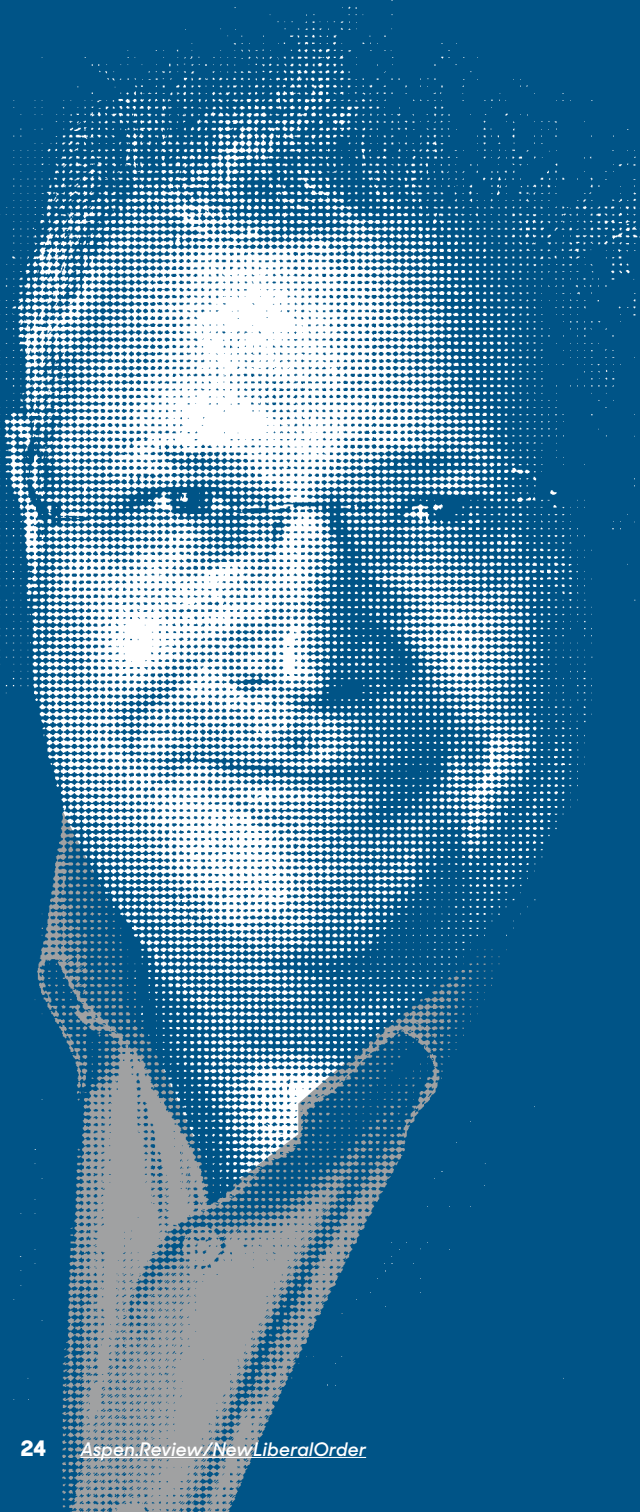
COVER STORY

INTERVIEW

USA

CHINA

LIBERAL DEMOCRACY



Robert Kagan: A New Liberal Order and the Law of the Jungle

The so-called liberal world order, led by the United States, has always been an imperfect system. But other alternatives have always been worse. Today, that order, with the transatlantic alliance at its core, is being threatened from within as well as from without. As “illiberal” powers are rising, the liberal democracies are having trouble responding. More than ever, Europe and the United States need to bolster liberal democracy at home as well as forge and maintain strong relations across the Atlantic—says Robert Kagan in an interview with Aspenia.

Just how liberal is the “liberal world order”? During much of the presumed Pax Americana, there was a Cold War, after all, which set sharp limits to where the “Pax” could actually be enforced. Indeed, the West regularly made deals with authoritarian (and certainly illiberal) regimes in order to achieve its goals. Were these blurred lines one of the reasons for the current predicament of the liberal West, in the sense that double standards and compromises on basic principles may have damaged its cause in the world?

ROBERT KAGAN: Today, what people call the liberal world order often gets bad reviews. Among the many complaints heard against that order is that it was imposed by an often oppressive, selfish, hypocritical and incompetent American hegemony.

And there is truth in that. The liberal order **Yet, for the various disasters and hypocrisy, American hegemony was never so intolerable as to drive other members out. On the contrary, nations banged on the door to come in.**

was erected and defended by humans. But, however flawed the American-led liberal world order might be, the question remains, compared to what? We tend to view the order's creation through the lens of the Cold War. However, the order's goals were about more than the Soviet Union. We tend to forget that a new internationalist approach to the world was accepted by most Americans even before they thought the Soviet Union would be an adversary. The deployment of US forces permanently in both Europe and East Asia produced a geopolitical revolution by putting a lid on conflict in those regions. Within the confines of that system, normal geopolitical competition all but ceased.

At the end of the twentieth century, forecasters would argue that the nation-state was a thing of the past in an increasingly cosmopolitan and interconnected age. Yet, today we now see nationalism and tribalism reemerging.

Nations within the order didn't compete with each other for military superiority; they didn't form strategic alliances against one another or claim spheres of influence. Since no balance of power was necessary to preserve the peace among them—as it always had been in the past—they could shift substantial resources and energy from military to economic

and social purposes. That order, until recently, has been quite successful. The cost of achieving this success, nevertheless, has been high. Upholding and managing a liberal order has no end point. Policies pursued have inevitably fallen victim to the foibles common to all humans, no matter how well-intentioned—the failures of insight and foresight, selfishness and solipsism, and the overall incompetence endemic to all human activity. The price of wielding power was to enter a moral no-man's-land, shedding what Reinhold Neibuhr called the “innocence of irresponsibility”. Yet, for the various disasters and hypocrisy, American hegemony was never so intolerable as to drive other members out. On the contrary, nations banged on the door to come in. Participants in the order, then and now, have shared the implicit understanding that however flawed the American-led liberal world order might be, the realistic alternatives would almost certainly be far worse.

In what ways could new technologies alter the course of international politics? Is it possible for digital technologies to change the nature of states beyond recognition, so that even traditional notions of balance (or imbalance) of power may no longer apply? To some extent, at the domestic level, the very nature

of democracy is being affected by the way in which citizens get information and form opinions. Will this have an impact on great power relations or regional geopolitics?

Technological developments will affect and change the mediums through which human beings and states interact. However, human nature remains the same. If the last century has taught us anything, it is that scientific and technological progress and the expansion of knowledge—while capable of improving our lives materially—have not fundamentally altered human behavior. Technological predictions often entail sweeping change. The transatlantic world at the dawn of the twentieth century was supposed to be transformed by technology. An increasingly globalized economy and revolutions in communication and transportation were expected to bring peoples and nations closer together. The number of democracies in the world had grown from five to ten. Many believed that, as William Jennings Bryan put it, “the idea of popular government” had become “so universal” that no one could doubt its “final triumph”. Then World War 1 began. Similarly, at the end of the twentieth century, forecasters would argue that the nation-state was a thing of the past in an increasingly cosmopolitan and interconnected age. Yet, today we now see nationalism and tribalism reemerging: they are more than able to hold their own

The seven-plus decades since World War II—decades of relatively free trade, growing respect for individual rights, and relatively peaceful cooperation among nations—have been a great historical aberration.

in the brave new world of the Internet. Advances such as cyber capabilities, artificial intelligence, and automation will provide new domains for geopolitical competition with, as my colleague Tom Wright describes, “all measures short of war.” But fundamental to interstate relations is whether the United States will continue to play its post- WWII role of employing military force to keep a lid on conflict in Europe and East Asia. If that basic American role were to end, then these technologies would be deployed in a much more competitive environment.

A central feature of the international order you describe—and that may now be on the brink of collapse—seems based on America’s unique ability to combine hard and soft power, to enable and encourage both economic/military power and the power of ideas. But a lot of its success also has to do specifically with economic advancements and the prospect of continuing growth. Do you see the rise of China and other “illiberal” states—with global or at

least regional clout—as a fundamental break with the past? In other words, is the American model (ideas and ideals) losing some its luster just as economic and demographic factors around the world are changing radically? And if so, is this likely to be the major challenge of the next few years and decades?

It is the past decades, rather than the coming ones, that were a “break with the past”. The seven-plus decades since World War 2—decades of relatively free trade, growing respect for individual rights, and relatively peaceful cooperation among nations—have been a great historical aberration.

The world has not experienced a steady progress toward liberalism. Liberal government flickered into existence at the end of the eighteenth century. But then, as liberalism grew, so did the modern police state. Stirrings of liberalism in nineteenth-century Germany, Italy and Poland were repeatedly crushed by absolutist

It is only natural that as nations such as China rise, authoritarian powers revert to old habits and traditions. Those habits are shaped by powerful forces: an unchanging geography, shared history and experiences.

powers using force, repression and censorship. Even in the twentieth century, few saw liberalism on the rise in an era peopled

by fascists, Nazis and communists. American power, however, suppressed these factors. First, temporarily, after World War 1; and then, for longer, after World War 2. Yet, even then, the “liberal idea” had not won a permanent victory. The world order has favored liberalism, democracy, and capitalism not only because they are right and better, but because the most powerful nation in the world since 1945 has been a liberal, democratic, capitalist nation. Today, it is only natural that as nations such as China rise, authoritarian powers revert to old habits and traditions. Those habits and traditions are shaped by powerful forces: an unchanging geography, shared history and experiences. China draws adherents from its economic success; but it also draws on the fact that, amidst uncertainty and insecurity, people increasingly look to tribe, race or nation for protection. Comparatively, especially in moments of divide and gridlock, democracy can appear less energetic and effective. Liberalism can seem to provide no answers, and Enlightenment ideals of freedom and cosmopolitanism are easy to blame. How the West manages these dual assaults on the order—from without and from within—will be the major challenge of the coming decades.

The financial and economic crisis of 2008 started in the US financial system: to what extent was that a turning point?

Did American voters and leaders then—almost suddenly—lose some of their confidence in the American combination of hard and soft power? Has the cost-benefit analysis changed for at least some good reasons?

The 2008 financial crisis deepened discontent and mistrust in experts; it is not surprising that faith has thus waned in the liberal world order and the need for American power to support it. We have lived so long inside the bubble of the liberal world order that we can imagine no other kind of world. We think it is natural and normal, even inevitable. We see all the current order's flaws and wish it could be better, but it doesn't occur to us that the more likely alternative to it could be much worse. Westerners view history as having a direction and a purpose. We believe in "modernization," in stages of economic and political development, in a link between prosperity and democracy. As children of the Enlightenment, we believe the expansion of knowledge and material progress goes hand in hand with improvements in human behavior and moral progress. Hence we have come to believe that, while there may be occasional bumps and detours on the road, progress is inevitable. Unfortunately, this story of human progress is a myth. Only since the Cold War's end has there been so little to challenge that narrative. World order is one of those things people don't think about until it is gone.

As children of the Enlightenment, we believe the expansion of knowledge and material progress goes hand in hand with improvements in human behavior and moral progress. Unfortunately, this story of human progress is a myth.

You argue that American political culture has never been truly isolationist, but can a US administration engineer some form of coherent and deliberate retrenchment? Is this what Barack Obama tried to do? If so, to what extent did he succeed or fail? And to what extent do the differences between the Obama and Trump presidencies hide structural trends?

The term "isolationist" doesn't capture what was happening in the 1930s nor is it relevant today. In both cases, few have ever suggested that the United States pull up the drawbridge and cut off ties with the outside world. What most critics and skeptics of American foreign policy want is for the United States to act more like a "normal nation". Barack Obama came into office in 2008 with a popular mandate to restore something closer to normalcy to American foreign policy. He shared the post-Cold War orthodoxy that America's extensive interventionist role in the world had become unnecessary,

unsustainable and counterproductive. He set out, therefore, to reposition the United States in a more modest role appropriate to a new era of global convergence. The little political support in the Republican Congress for Obama's attempts to uphold a liberal world order

Apart from Trump, of the four major political figures on the national stage in 2016, only one stood for the old American grand strategy. The 2016 election was a repudiation of America's traditional global role, and not because of Donald Trump.

deepened his conviction that Americans no longer favored the old activist role. The result was that as the liberal world order began to show further signs of strain, cracking around the edges, Obama did what the American people evidently wanted, which was very little. He limited the US response to economic sanctions following Russia's invasion of Ukraine and seizure of Crimea. He reduced the American role in the Middle East as the Arab Spring rose and fell, turmoil erupted in Egypt, war began in Yemen, and ISIS established control of a swath of territory. Even when the Syrian crisis metastasized—killing hundreds of thousands and sending millions more as refugees into Europe—Obama remained determined to avoid a substantial commitment of American

power—to the public's indifference. Donald Trump's election reinforced this broader trend. Yet, apart from Trump, of the four major political figures on the national stage in 2016 (Obama, Bernie Sanders, Trump and Hillary Clinton), only one stood for the old American grand strategy. The 2016 election was a repudiation of America's traditional global role, and not because of Donald Trump. He was, rather, the beneficiary of a national mood.

Trump has openly rejected most foreign policy choices made by his predecessor, but the one core decision he is making may be on China, by breaking the bonds of an almost symbiotic economic interdependence that has characterized the last three decades or so. Is this where the future of the world order is really being played out (with all other regions and relationships remaining rather marginal)?

The US-China relationship is not the sole area of importance. The fate of Europe as a set of liberal, open, democratic societies matters immensely to the future of our world order. However, if Europe is one pillar of the international order, then East Asia is the other. In approaching China, Trump, unfortunately, is only playing a geoeconomic game, ignoring the geopolitical dimension. For China, as for past great powers, geoeconomics and geopolitics are intertwined. Trade, finance, diplomacy

and military power are all aspects of comprehensive national power. If a competing power tries to reduce China's ability to produce wealth, no matter the reason or the means, it is no different from any other type of geopolitical challenge. And if the United States' advantage on the economic side is too great to overcome, Beijing could respond in a way Washington doesn't want to be challenged — in the military sphere. So far it is not clear whether Trump administration officials appreciate that tough trade policies could lead down a path toward conflict. It would be one thing if Trump's trade policy were part of an overall geopolitical strategy to deal with a rising China, but it isn't. Trump has not tightened ranks with allies in Europe and Asia to take on China's problematic behavior. On the contrary, Trump has been weakening American tools for dealing with the Chinese challenge.

The positive influence the United States had as a benign hegemon seems to have worked best within the Western alliance, allowing Western (i.e. liberal and market-style) democracies to flourish. Europe, Japan and others have not had to worry too much about broader security issues and the hard power needed to address them. Yet, even inside the “Western bloc”, many came to resent American tutelage, and after the Cold War there

was a strong tendency to try to develop a degree of autonomy in several fields. Was this a different (and more manageable) kind of vegetation growing, or the harbinger of the jungle growing back? How can we reset the transatlantic alliance to make it better suited for a new era? Or is it perhaps too late?

The transatlantic alliance has been at the heart of the liberal world order. Nevertheless, there always have been divergences and frictions over that order. Europeans wanted an order that was more “rules-based” and grounded in the United Nations. The American vision of the order, on the other hand, rested on a grand bargain: the other liberal powers were to cede strategic hegemony to the United

For China, as for past great powers, geoeconomics and geopolitics are intertwined. Trade, finance, diplomacy and military power are all aspects of comprehensive national power.

States; in return, America would not use that hegemony to constrain their economic growth. It could not insist on winning every transaction. There had to be a relatively level playing field — at times even one that favored the other liberal powers. That arrangement was not perfect. Yet, unlike the Soviet bloc, American hegemony never left allies so aggrieved as to drive them away. As I mentioned, nations in Europe and Asia banged on

the door to come into the network of US alliances and economic partnerships. They recognized that the American-led order was flawed, but it remained superior to any realistic alternatives. Yes, Europeans opposed specific US foreign policy choices. From Vietnam to Iraq, they resented certain American actions as misguided, selfish, and oppressive. However, the jungle has begun to grow back in Europe not because the United States did too much, but because it has done too little. Beginning with Barack Obama, the United States decreased its involvement in Europe and its commitment to regional stability. Obama refused to use adequate force to restore some semblance of stability in Syria as the civil war drove refugees into Europe. The resulting crisis, more than any other factor, contributed to

The American vision of the order, rested on a grand bargain: the other liberal powers were to cede strategic hegemony to the United States; in return, America would not use that hegemony to constrain their economic growth.

the rising popularity of nationalist, ultranationalist, and even overtly fascist political parties across Europe. As Americans' commitment to upholding a liberal world order came increasingly into question, it became easier for Viktor

Orbán to celebrate the “illiberal state” or for democratic backsliding in Poland, the Czech Republic and Slovakia.

Dealing with that resulting populism and nationalism—both in Europe and the United States—is the first step to restoring the transatlantic alliance and renewing it for the coming decades.

Is Trump deliberately working to weaken Europe, reducing the Union's role as an autonomous actor in its own right? How should Europeans react, collectively, to the current challenge from Washington in an unstable global context?

As with China, the Trump administration is using a geoeconomics lens when it looks at Europe. Trump wants “victories” on trade deals, even when it comes to longstanding allies. They are now competitors to be beaten. With this trade-first perspective, some Americans, including their president, may not like the European Union any more than many Britons and continental Europeans do. However, they forget the importance of the EU and of the transatlantic relationship in keeping geopolitical issues at bay in Europe. The EU binds European countries together in ways that annoy and cause conflict, but also in ways that make European disintegration less likely. Americans forget that the EU is the organization that, along with NATO, helps maintain stability on the continent. They provide reassurance to Germany's

neighbors and to Germans themselves. They contain the territorial and nationalist disputes among Eastern and Central European states. It is hard to believe that a Europe without the European Union could remain peacefully postmodern. In this moment of challenge from the United States and with a crisis of democracy spreading across Europe, Europeans must strengthen themselves first. While populists like Marine Le Pen in France and Geert Wilders in Holland lost their elections, the fact that there were widespread sighs of relief over those two outcomes shows how far the right-wing nationalist parties have come. Europeans

must reinforce their own institutions and unity in order to overcome the “democracy question” that Ivan Krastev has observed is “at the heart of Europe’s troubles.”

The United States must accept its share

In this moment of challenge from the United States and with a crisis of democracy spreading across Europe, Europeans must strengthen themselves first.

of the blame for what has happened to Europe—both under Obama and under Trump. But only Europeans can bolster liberal democracy at home to preserve it in a world where it is increasingly embattled.

Originally appeared in *Aspenia* 82-83-84, published by Aspen Institute Italia, June 2019. www.aspeninstitute.it

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EU Citizens: This Europe Does Not Work Well and Needs Change

We know today which political families lost seats after the European elections, and the traditional groups overall. Losers and winners, as usual, we might say. The positive surprise of a higher turnout may well show a renewed interest for Europe, and possibly a greater awareness of the role the MEPs, as policy-makers, and their ability to make a genuine impact on the everyday life of each EU citizen.

In a way, the result denied a great deal of prognoses. The abstention rate was lower than expected. There were worries about the presumptive rise of extreme-wing nationalist and populist parties. But as emphasized in a previous piece of mine, they are still bound to win the next round, in 2024. Their 17-seat increase, compared to the outgoing Parliament, shows that, although Eurosceptics and far-right populists have fallen short of reaching the one-third of all MEPs' target, they keep steady on course.

Victories in France (Marine Le Pen) and Italy (Matteo Salvini) prove they are here to stay, despite the fact that they are now scattered in different groups, such as the European Reformists and Conservatives (ECR), the ENF, and the EFDD. There is still a great deal of time to pull themselves together into a “coalition of will” on common issues of interest (such as migration policies), if not into a future group (if they would conclusively decide what decisions should be taken when it comes to Russia, China or the United States). With or without Nigel Farage’s party (if the UK leaves the EU, then 29 seats will be lost), the ability of these parties to hamper or block the decision-making process should not be underestimated. Their presence in the EU Parliament signals the symbolic power of a worrying trend: the constant progression of individualism, fears and xenophobia in Europe.

The Two Large Families Lost the Absolute Majority

One of the most important lessons of the EU elections is drawn from the very fact that, for *the first time* after *the first direct European elections* 40 years ago, the two large families, namely the EPP and the S&D, do not hold together the absolute majority anymore, although they remain the largest groups in the European Parliament. Against this background, a significant proportion of the electorate expressed clear support for more (economic) liberalism—the ALDE looks like the nominal winner of the elections—and the ever-growing concern about environmental issues, as the Greens/EFA upsurge in the number of seats, proves it. The Greens were by far the real surprise of the elections, as they triumphed at the ballot box in large cities like Brussels, Berlin and Dublin.

Voters’ choices are determined primarily by feelings about their current national governments, rather than by the performances of the EU herself or individual MEPs.

A senior research fellow at the Centre for European Reform in Brussels, has been quoted as calling them “*the new kingmakers in the decision process*”, which is quite likely to be true. Their cohesiveness, discipline, and significance in the European Parliament are amplified by their belonging to the same group. They are united around an unique agenda of change, which brought them to the point where they could express that they would support the future replacement of the European Commission president, Jean-Claude Juncker, only if the candidate, whoever will it be, would back their agenda completely.

Not only an Economic Union, but a Union of Values

Former “*fringe idealists*” joining local and national coalitions most prominently in Germany, the Greens of today have gathered around a manifesto that puts social justice and human rights at the heart of the fight for the planet, thus succeeding in attracting disillusioned voters from the center-left and center-right slices of the political representation pie. Their success speaks about change, not referring to climate only, but to the very content of EU’s political managers, the more so that younger voters in Western Europe accounted for their comeback. Or, in the words of Terry Reintke, a German Green MEP: “*We see the European Union as not just an economic union, but a union of values. It has to be more equal and socially just.*” We have been longing to hear such words... The “New Left” has staged a silent revolution in Europe.

The EU-widespread Romanian diaspora accounted for another consistent source of votes, as the result of negative criticism targeting home, the largest national parties and their leaders.

There have been a number of commentaries about the high turnout. In my country, Romania, it reached 49.02%—quite close to the European average, and far larger than in any of the previous European elections held in the ditto “new” EU member state. It works somehow against the presumption that, back home, EP elections are considered second-rate, and lost somewhere, in the Romanian newspapers, between articles about scandals involving local politicians, and tennis miracles performed by Simona Halep. Well, not too much has changed: for most of the EU national political elites, the question who will sit in the next national government will always come first. And indeed, voters’ choices are determined primarily by feelings about their current national governments, rather than by the performances of the EU herself or individual MEPs. But even in this situation, the present round of EP elections seemed to be giving the voters the capacity of “punishing” national governments, *while being aware things should turn to the better in Brussels, if not at home.*

A Slow Process of Erosion of Traditional Romanian Parties

And I come back to the case of Romania, where although the National-Liberal Party (EPP) came in first, followed at quite a large margin, by the Social-Democratic Party (S&D), the real winner was a newcomer, namely the “Save Romania” Party. Both liberals and social-democrats have gone

through a thorough, although slow, process of erosion, for the latter being more accentuated because of faulty political and executive management while in power, not to mention the recent imprisonment of their former leader. Against this background, a populist-cum-environmentalist-cum-leftist/liberal party won almost all the larger cities in the country, and received substantial support from younger people between 18 and 35 years of age, mostly urban, private employees, interested in politics, and skilled in using social media platforms.

Their result was secured by a majority of former national-liberal and social-democratic voters, who thus sanctioned the poor performance of the traditional parties throughout past decades. The EU-widespread Romanian diaspora accounted for another consistent source of votes, as the result of negative criticism targeting home, the largest national parties and their leaders. A succinct comparison between the three lists of MEPs would easily prove that the human and professional quality of the “Save Romania” Party overcame the party-backed individual choices of the liberal and the social-democratic lists, mostly composed of political survivors with no European competence whatsoever. In other words, the outcome of the elections speaks about a feeling of weariness generated by domestic politics and the winding course of traditional parties.

All in all, in the aftermath of the EU elections, Europe has not changed all that much—she lost some of her old appearance thus getting ready for the new season of parliamentary action, and allowing a new and bright politically colored skin to grow.

We Should not Expect Institutional Instability

All in all, in the aftermath of the EU elections, Europe has not changed all that much—she lost some of her old appearance and scales, thus getting ready for the new season of parliamentary action, and allowing a new and bright politically colored skin to grow. It is more politically fragmented indeed, since this is the direct result of a proportional vote. Would it increase the chances and opportunities to build coalitions among different groups, since the EPP and the S&D together would not have enough seats any longer to vote a legislative proposal through or appoint the powerful commissioners and other top positions?

Apparently, yes. And if I am right, then we should not expect any symptom of institutional instability in the months to come. Forming an absolute majority means building a coalition of at least three groups. Building coalitions would require a great deal of flexibility and strategic thinking on behalf of the leaders of EU political families, and this should be the litmus test of their negotiating qualities. But what kind of leaders should we hope for? They should be politically legitimate and determined, and able to work together in leading EU institutions in the next five years. “*The new leaders must be strong enough to confront bullying international actors*”, Stefan Lehne wrote some time ago, and they would “*...need a reliable internal compass to steer through a turbulent and fragmented political scene*”, while realizing “*they have to be able to explain what the EU is about and rebuild public trust*”. Let us hope we will find them, despite being dormant now.

Democratic Control is a Pillar for a Functional Democracy

The EU Parliament has become more politicized, but this is not necessarily bad news. The new composition of the European legislature paves the way to discuss and seriously analyze matters of highest importance to the future dynamics of the EU integration mechanisms, such as a common defense policy, policies addressing the causes and effects of migration, the strategic meaning of EU’s Eastern neighborhood (i.e. policies targeting Ukraine’s and Moldova’s bilateral relations with the EU), bilateral relations with Russia and the United States, environmental policies, policies addressing European youth, and their share in the EU labor-market, the demographic decline, etc. Looking back at the 1980s, when the European Parliament yielded little power, and now, when its activity has become paramount to the benefit of the entire Union, we realize we have come a long way: from almost no impact to general European policies, to MEPs staging mechanisms of accountability for the executive bodies of the EU, from an advisory role to the Council, to complementarity with the Executive.

It all comes from the provisions of the 2009 Lisbon Treaty. Today, not only does the European Parliament have more legislative powers, but there is also much more awareness of the big issues. Oversight and democratic control are not just mere words from the dictionary of democracy, but pillars for a functional democracy extended to the continent. By the same token, the political influence and significance of the MEPs has grown to unprecedented

levels. Their voters, on the other hand, have begun to realize that by acting together, they may lose power in national legislative bodies, but they gain power in the European legislative. This is a sign that many of them have understood that they can be both national and European citizens, and that both civic qualities coexist.

A Clear Message from the EU Citizens

To conclude, EU voters first sent a message to their national governments, to sanction or encourage national politics, as in most countries, elections turned around domestic struggles. Most of the ditto topics have been played as rhetorical party props in national elections, and have brought their own contribution in weakening public support for traditional parties. Such subjects have the capacity to attract general parliamentary attention and, as they challenge furthering EU integration, they cannot be overlooked. The message conveyed by EU citizens is quite clear: this Europe does not work well, and needs change.

The message conveyed by EU citizens is quite clear: this Europe does not work well, and needs change.

As some scholars have put it, delivering on them would imply a steadier pace in building a more appropriate identity for Europe and her citizens, i.e. a less “abstract sense of EU purpose” and more down-to-earth strategic approaches. At least this should be the course of action, taking into account the roughly 51% turnout across the continent (out of 420 mil European voters), up at almost 10% from 2014, meaning every second EU citizen voted in the elections. And I would also add that, the gender balance of the EP is 39% women, which has become the highest level of female representation yet. The positive surprise of a higher turnout may well show a renewed interest for Europe, and possibly a greater awareness of the role the MEPs, as policy-makers, and their ability to make a genuine impact on the everyday life of each EU citizen. It may be time to argue the case that the European issues are much higher on the radar of European voters than ever before.

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| Photo: Stefania Amamjian





The New MFF: A Horizon of Hope for Central and Eastern Europe?

The eastern flank of the EU has proven not only capable of social and political transformation but also economically resilient. There are significant differences, however, between the European core and its peripheries.

The twentieth century proved cruel for Central and Eastern Europe (CEE), not only as a scene of brutal war conflicts but also letting it fall prey to totalitarian regimes. In fact, only recently has a sense of historical justice been brought to these lands thanks to joining the European Union (EU). Those who assumed, however, that this would be the end of history were wrong. The last decade indicates that the EU is an incomplete project, still more of a forming process than a final product. Doubts inflicted by the Euro debt crisis were augmented by mismanaged migration inflows to the EU. Voices of mistrust have arisen, bringing Eurosceptics popularity. Worrisome tendencies are visible all over the continent—not only in Poland or

In fact, the issue of the East-West gap popped out during EP campaigns in the region and problems of inequalities tearing Europe apart, most recently also along the North-South axis, persist.

Hungary but also in France, Italy, Germany or Sweden, not to mention the chaos inflicted by the Brexit referendum. A new vision for Europe is definitely needed. With the newly elected European Parliament, a new Commission to be chosen and the next EU budget on the horizon, Europe can now gain momentum to realize it. How could it optimally benefit the CEE?

The Persisting East-West Divide

Despite more than a decade in the EU, its eastern flank still tends to be called New Member States (NMS), which indicates an assumed quality difference with this pocket of Europe. In fact, the issue of the East-West gap popped out during EP campaigns in the region and problems of inequalities tearing Europe apart, most recently also along the North-South axis, persist. Shouldn't a new model of socio-economic cohesion therefore be the most important issue for the entire EU?

Although the debates on convergence have been going on for a long time, the most tangible and determined action came from Europe's still fresh and therefore energetic leader, Emmanuel Macron. Instead of focusing on abstract constructs, he kicked off with a very particular manifestation of the East-West divide: the costs of labor and services. In his speech at the Sorbonne in September 2017, Macron explained his policy on reforming

What Emmanuel Macron seems to overlook, in his protectionist and pro-regulation stance, is that the unequal standards within the EU have proven profitable for other business sectors, especially in Central and Eastern Europe.

the Posting of Workers Directive as a crusade against social dumping and a fight for social justice in Europe. He expressed the urgency of developing “true social convergence » and gradually bringing “our social models closer together” through defining “common minimum European social standards”.¹ It is difficult not to support this bold call. The choice of this particular issue is also understandable as it aims to protect the competitive potential of Western companies suddenly faced with cheaper but just as good services from the East. What Emmanuel Macron seems to overlook, in his protectionist and pro-regulation stance, is that the unequal standards within the EU have proven profitable for other business sectors, especially in Central and Eastern Europe.

For example, in Romania, one of the poorest societies in the European Union, the largest foreign investors are French companies, ranging from the automotive industry through retails, energy, banking to the food and pharmaceutical industry.² Similarly, German industry branches have integrated the Czech Republic, Hungary, Poland and Slovakia into their production chains. Yet, lining up the standards has not followed. For example, “the

highest wages at Volkswagen Slovakia do not approach the lowest pay at VW Germany, even though productivity in both countries is comparable. The average salary at the plant is 1,800 euros (...), according to the company. Slovakia's average salary is 980 euros per month".³ In fact, the minimum wage in Germany is three times higher than in any of the Visegrad countries,⁴ with this disparity applying not only to Germany.

Annual net earnings and median net income in the Visegrad Group are 2.5–3 times lower than the European average, not to mention the harsh Romanian and Bulgarian reality.

Annual net earnings and median net income in the Visegrad Group are 2.5–3 times lower than the European average, not to mention the harsh Romanian and Bulgarian reality.⁵ Many western investors have benefited exactly from this very favorable ratio of the skilled labor force and available infrastructure to low labor costs and very often—tax exemptions, for example in the Special Economic Zones. What a paradox: what poses a threat for businesses in the West, proves to be profitable if moving operations to the East. Taking the principle of “equal work, equal pay” serious should therefore embrace far more than the mere Posting of Workers Directive and focus on striving for more convergence and progressing cohesion in the EU as a whole.

Out of the Middle-Income Trap

Unquestionably, competing with low costs of labor and favorable taxation brought jobs and investments to the eastern flank of the EU. Indisputably, the inflow of foreign capital not only improved the living conditions of the local populations but also, in all probability, prevented ever greater emigration from the region. Nevertheless, as much as this strategy of attracting investors might have made sense in difficult times of transformation, its persistence pushes the CEE countries into a trap of low/middle wages and hardly any genuine investments in innovations.

The eastern countries of the EU are currently boosting the European economy. It is a success story, on the one hand, of European structural funds. On the other hand, it is also the effect of the Eurozone crisis, which completely reshuffled the European map of economic performance. As a result, the eastern flank of the EU has proven not only capable of social and

political transformation but also economically resilient. There are, however, significant differences between the European core and its peripheries when it comes to technological innovations, innovation ecosystems, living standards wages, access to social services and public infrastructure.

These problems have been gradually tackled over the last decade, but still persist. As a matter of fact, quality of life is the main reason keeping CEE migrants abroad—as opposed to the years straight after joining the EU when their motivations were of a purely financial character. The argument, popular in the 1990s, that working one’s way up means accepting austerity, inequality and sacrifices is no longer convincing. The CEE can and should take a step further, also overcoming a mental constraint on daring more generous, European standards—looking at the social policy as an investment, not an expense. It is also crucial to shift to an innovation-driven growth model. Therefore, it is in the very interest of the “New Member States” to seek a new direction of EU’s development that will contribute to closing the gaps but at the same time give Europe an impetus to compete globally. In this sense, Macron’s initiative is just the tip of the iceberg and treating the symptoms instead of the disease.

Europe Needs to Dare More

As for the future, the Multiannual Financial Framework (MFF) for 2021-2027⁶ is being negotiated right now. It will definitely be much different from the previous EU budget, offering new priorities, new tools and different allocation of funds. It will not in all probability continue to favor the eastern flank of the EU, rehabilitating the societies raided by the debt crisis and austerity instead. It will also shift priorities, in recognition of the global challenges that Europe is facing: digital revolution, climate change, security threats and instability in the European Neighborhood. It will cut

The eastern countries of the EU are currently boosting the European economy. It is a success story, on the one hand, of European structural funds. On the other hand, it is also the effect of the Eurozone crisis.

down on cohesion and agricultural policies in favor of investing more in R&D and improving the EU’s position as a global player due to a common foreign and defense policy.

1) international.blogs.ouest-france.fr/archive/2017/09/29/macron-sorbonne-verbatim-europe-18583.html

2) www.romania-insider.com/french-investments-romania-2017

3) www.dw.com/en/low-wages-haunt-prague-and-bratislava/a-39586026

4) Monthly minimum wages - bi-annual data, Last update: 5 February 2019, appsso. eurostat.ec.europa.eu/nui/submitViewTableAction.do

5) Mean and median income by household type - EU-SILC survey, Last update: 7 May 2019; Annual net earnings, Last update: 22 March 2019, appsso. eurostat.ec.europa.eu/nui/submitViewTableAction.do

6) [www.europarl.europa.eu/RegData/etudes/BRIE/2018/621864/EPRS_BRI\(2018\)621864_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/621864/EPRS_BRI(2018)621864_EN.pdf)

While there is broad agreement on the need to update and readjust the European development strategy, the issue of final funds redistribution raises anxiety in the eastern flank of the EU. Extra stress factors include Brexit, which can shrink the EU budget as well as the hesitation of some “old” European Member States to chip in more to cover the gap. At the same time, all seven MFF priorities are prime concerns to Europe. Additionally, the conditionality of EU payments is being discussed, opening up the possibility of tying EU funds to member states’ records on upholding rule of law. The final funds allocation will therefore involve trade-offs and will perhaps leave some hungry for more.

This setup of MFF headings and geographic allocation of common funds may help, however, overcome the clichés of the poor eastern neighbors entering the rich club. Although the convergence has not yet occurred, the socio-economic map of Europe does not resemble that of 2004 or 2007. Perhaps it is a good moment for the CEE to use this impetus to embark on more ambitious projects, not only regarding domestic policies but also embracing the European strategy. On the one hand, it is giving up competing through a cheap labor force and abandoning the status of “a European assembly line”, focusing on innovations and striving for academic excellence. On the other hand, current economic growth should serve to close the gaps between the Member states. Investments in social policy are still needed in the CEE region to build European standards in access to services such as health-care or childcare, which are fundamental for the wellbeing of societies. Moreover, recent developments in Hungary, Poland, but also Romania demonstrated that the EU needs to develop mechanisms that effectively protect the integrity and the principle of government by law within the community. The controversial idea of budget conditionality is still a journey to the unknown.

The CEE can and should take a step further, also overcoming a mental constraint on daring more generous, European standards—looking at the social policy as an investment, not an expense.

In any case, the race to the bottom is not the way to compete with booming Chinese capitalism or transatlantic competition. Widening socio-economic inequalities and uncertainty have become a low hanging fruit for the populist Euro-sceptic agenda that has been trying to take over

the mainstream in many places in Europe. It is therefore in the interest of the European Union—and in particular its Eastern flank—to subscribe to projects promoting investments in innovation and technological advancement. At the same time, the cohesion component of a united Europe must not be neglected or abandoned. This can not only stop the brain drain that the East and the South have been experiencing in the recent decade but also close the gaps between and within (!) societies.

Recent developments in Hungary, Poland, but also Romania demonstrated that the EU needs to develop mechanisms that effectively protect the integrity and the principle of government by law within the community.

A more stable and sustainable Europe, with less social disparities and with chances for social mobility, will not be such an easy target for populists, or for the illiberal ones already in government in a few member states. In order to achieve this, a broad consensus of European countries is needed: an understanding of different development stages on the path to one common goal. Otherwise, the existing divisions will implode Europe by feeding its enemies. And if the EU sinks, all of Central and Eastern Europe will sink as well.



We invite alumni of the Aspen Young Leaders Program to present their projects, thoughts and inspiration in Aspen Review. Aspn.me/AYLP

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ASPEN REVIEW
ROBERT SCHUSTER

INTERVIEW
CHINA
NEW SILK ROAD
WTO



Olga Lomová: Control of the Digital Infrastructure Will Enable China To Impose Its Demands By Force

The basic tenet of the Chinese reading of global history is that China has always been a major power, a leader in global progress, and the source of a number of key inventions. Over the course of the nineteenth century, however, its leading position was unjustly usurped by Western powers, sinologist Olga Lomová tells Robert Schuster in this interview.

ROBERT SCHUSTER: *How do you see China's expansion into Central Europe? As a sinologist, you ought to see this as a positive development...*

OLGA LOMOVÁ: The fact that I am a sinologist does not necessarily mean that I can't have a critical perspective on the subject of my interest. Sinologists shouldn't be expected to welcome everything that comes from China, particularly in the realm of politics. Chinese influence in

Central Europe, which I have observed for several years now, must be seen as part and parcel of global processes. Even though many people won't admit it, we are only a tiny part of the globalized world—we are neither the center of Europe or an isolated entity but rather part of a single world in which China represents a great power that aspires to acquire even more weight in order to impose its demands on everyone else.

Is China pursuing some sort of covert agenda?

It is indeed, and not particularly a covert one, if you read Chinese newspapers and pay proper attention. Unfortunately, most analysts tend to underestimate the media rhetoric in China and until recently failed to ascribe sufficient importance to political speeches, editorials and, crucially, to appearances by the Communist Party Secretary-General Xi Jinping. All these pronouncements are quite open about presenting the Chinese agenda vis-à-vis the world, which goes as follows: China aspires to be a leading force in globalization and, at the same time, a force that will set the rules of the game for the entire world, a world that is interconnected under its leadership. The commentaries usually frame this in a rhetoric of historical justice, emphasizing that China has a historic claim to such a position. The basic tenet of the Chinese reading of global history states that China has always been a major power, a leader of global progress, a place where a number of key inventions originated, but the Western powers unjustly usurped its leading position over the course of the nineteenth century. So the choice of words used by Chinese commentaries indicates that things are now returning to the normal state of affairs, China is reclaiming the position that was always rightly its own, in other words, to being the principal power in the world.

Is there anything positive about China's expansion into Europe?

Those who try to see something positive in it are the economists and others who see it as a chance for the speedy development of infrastructure and who see it, in purely technical, non-ideological, economic and pragmatic terms, as an opportunity to make the world even more interconnected and provide a fresh boost to global trade. However, this raises several questions. I believe there is no such thing as a neutral economic base but rather that everything is always interconnected, has wider repercussions and has to be seen in its political and security context. Economic projects can be, and indeed invariably are, of an ideological nature, wherein power interests play a key role. That also means that ideology and power relations ultimately always leave a mark on the place where a given infrastructure is being developed. I wouldn't dare to predict whether or how a Chinese infrastructural project might boost the economies of some developing countries. However, I am sure that it will leave its imprint on the society that uses it. Right now I see the Chinese imprint as something negative. Furthermore, I am not sure if the continuing intensification of global trade, as envisaged by Chinese planners, is the sole right path, if for no other reason than because the world is overpopulated and resources are scarce, which raises the question: can extensive development

I believe there is no such thing as a neutral economic base but rather that everything is always interconnected, has wider repercussions and has to be seen in its political and security context.

make an obviously positive contribution to our future? The Chinese vision is rather mechanistic—everything will be interconnected, there will be an ever-increasing circulation of goods, glottalization will keep driving the wheels of the economy, especially the Chinese economy, of course. However, this vision completely suppresses the question of whether this will, in fact, result in sustainable, long-term development for the world. And, last but not least, there is the lopsided relationship between the Western, open market and the Chinese market which is subordinated to the decisions and changing strategies of the communist party as it continually defends its leading role. A long-term surplus in foreign trade between China and the rest of the world also demonstrates who will ultimately benefit most from the New Silk Road.

It is often said that Chinese companies can build infrastructure faster and more cheaply...

Construction in China admittedly advances much faster than in our country. But it occurs under authoritarian

conditions. If a sufficiently influential local official sets his mind on building a road somewhere, the road will be built even if it means that the people living there have to be forcibly relocated. This might make some construction companies envious because they might encounter resistance from landowners, the local population and environmental organizations who oppose construction. The directive Chinese method is very fast on the one hand, while on the other, it can easily happen that a completed project with a negative impact on the local population might later prove to be totally unproductive.

China also uses various kinds of favorable loans to entice investors—what do you see as a greater risk: will it be roads and railways that will bring even more Chinese goods to Europe, or longer-term commitments in the form of loans or leases?

It is all interconnected. And in this context, something less obvious needs to be mentioned. Once things are strongly intertwined in economic terms, it is not easy to disentangle them later. This kind of interconnectedness in Europe is based on an idea of global trade that follows certain shared free market rules, with any regulation also based on shared principles. We share these rules and everyone starts from a level playing field. In the case of the New Silk Road, on the other hand, we see an economic

The Chinese vision is rather mechanistic—everything will be interconnected, there will be an ever-increasing circulation of goods. However, this vision completely suppresses the question of whether this will, in fact, result in sustainable, long-term development for the world.

intertwining of countries with completely different conditions, both in terms of power and politics, whereby one party in this relationship, China, is more interested in political than economic profit. That can lead to a situation where the economy of weaker states is held hostage by the country controlling the infrastructure. This also applies to digital infrastructure, a field into which Chinese companies are also trying to expand.

Should Chinese companies be excluded from tenders for fast Internet service provision?

Yes, they should—simply because the Chinese state is not making any secret of the fact that—if need be—its companies are expected to be primarily at their country's service at all times. This is not about whether someone will listen in to our private phone calls, but rather a chance to control the entire infrastructure. That enables them to impose certain decisions by force.

How do you explain the fact that quite a few former high-ranking Czech politicians, including several prime ministers, have landed jobs with Chinese companies or have become lobbyists for Chinese companies?

For me this is a sign of an underdeveloped democratic culture on the part of our politicians. I think this culture is better developed among the citizenry in general. But I think that it also shows a complete lack of self-respect on their part. Surely a top politician and state representative cannot be on the payroll of a company with a murky background, one that, as it has now transpired, is de facto state-owned or nationalized. CEFC, the Chinese company for which many of these people work, has always been really opaque: one glance at their unprofessionally designed website will tell you that something is not quite right there. Unfortunately, we have similar examples from Western Europe. Suffice it to recall former German Chancellor Gerhard Schröder, who started working for Russian energy companies as soon as he left office.

Over the past thirty years, Czech foreign policy on China has undergone an enormous change, from Havel's critical approach to open adoration on the part of some of the highest state officials. How far can it go?

At a certain point we threw overboard the capital we had built up over

many years based on our approach to foreign policy. Nowadays the Czech Republic is indistinguishable from any other post-communist country. We can only speculate as to the real motive behind this turn. It might have been a mix of corruption, naivety and political pressure, coming from the top echelons of the state. Of course, this is very difficult to prove but nevertheless it is obvious that it was totally unprofessional. After all, we can't be in a strategic partnership with China and comply with absolutely everything China wants us to do, while being a privileged partner of the US, a NATO member, part of EU structures, and so on. These two approaches are irreconcilable. The fact that those of our politicians who are responsible for the change of direction in our country's foreign relations didn't realize it at the time—in fact, they believed they could have it both ways—just goes to show how naïve they were, even if some of them may have genuinely believed that the West is not worth the effort and that we ought to turn to the East instead. The influence of PPF, the investment company run by the richest man in the Czech Republic, Petr Kellner, has long been documented and this company has definitely put Czech politicians under huge pressure. However, I think we may have hit rock bottom and are starting to bounce back, and that people are beginning to pay more attention to these issues.

Do you think China is actively trying to divide the EU, for example with regular summits such as the “16+1”, held in Dubrovnik this April? And could it succeed?

Yes, it could. I first wrote about “16+1” in 2014 when I spotted a tiny notice in our press but had no idea what it was. Our government took part in the project in a kind of underhand way. In the end I had to look for further information in the Chinese press. Although the annual “16+1” summits appear to be completely pointless and innocuous, various kinds of memoranda are being signed there, which the Chinese side could exploit when the right time comes. If you sign a memorandum on preferential cooperation in nuclear industry, you shouldn't be surprised if the Chinese demand they should be allowed to finish the construction of a nuclear power station without having to tender for it. At the same time, I believe that “16+1” serves as a platform for a long-term Chinese strategy that aims to forge contacts on various levels of Czech politics and state administration, gradually establishing an environment conducive to wielding its influence. China has proceeded with great patience and does not hesitate to invest massive resources. There is a constant stream of delegations travelling to China, all expenses paid. And we are beginning to see some concrete ramifications in European politics. Suffice it to recall 2016 when Greece—which has since

joined “16+1” as its seventeenth member—blocked an EU resolution demanding that China respect the decisions of international arbitration on territorial disputes over the South China Sea. The discussion about recognizing China as a market economy is also an example of this way of influencing international decision-making. China is very keen on such recognition, even

In the case of the New Silk Road, we see an economic intertwining of countries with completely different conditions, both in terms of power and politics, whereby China, is more interested in political than economic profit.

though not only is it not a market economy, but more recently there has been a trend towards reinforcing the state’s influence in the private sector and we have seen the renationalization of some companies.

Furthermore, a number of EU decisions have gradually created conditions that are more or less advantageous for Chinese trade and politics. In this respect our country, as an active member of the “16+1” grouping under China’s auspices, could turn into an unreliable partner for Western Europe.

Does the Chinese model of globalization leave any room for anyone else, such as Europe or the US?

Interestingly enough, the US is neither here nor there from the Chinese perspective. From his speeches you learn

about President Xi Jinping’s vision of bringing the whole world together as a “community of shared fate”. This may sound like an empty cliché but it is very fitting. Incidentally, the same wording featured in the first constitution of 1954, with the communist party promising to create a “community of shared fate” to ensure a safe living space for all citizens of China as well as for non-communist political forces. This specific wording demonstrates that these are not just a few casually uttered words but a flashback to the policy of a united front under communist party leadership. Through the optics of Xi Jinping’s words, globalization under Chinese leadership is reminiscent of the gathering of all forces sympathetic to China under its helm. The only ones entirely absent from all this are the Americans. The New Silk Road leaves the United States out completely.

And what about Russia? What is its role in the Chinese strategy?

Relations between China and Russia are complex but the two countries seem to have shared out roles among themselves and are acting together right now.

What is the situation in China itself? Have any changes occurred there in recent years?

The role of the Secretary General and the people in his power circle has been strengthened, and ideological work has

also intensified. The practice of political training and of involving everyone in the political discourse has been reinstated, including the demand that people should explicitly endorse the communist party's political goals. The Chinese themselves say that political education among the population has not been so prevalent since the Cultural Revolution. Xi Jinping has succeeded in getting rid of potential opponents at the highest level, and persecution has reached a degree similar to that last seen in the early 1990s following the crackdown on the Tiananmen Square demonstrations. The communist party is flaunting its huge strength and influence. At the same time, however, the state has responded to many things in a quite hysterical way, which is evidence of a degree of uncertainty. The regime is extremely afraid that a protest movement could again emerge, for instance, at universities. The role of party secretaries, right down to the lowest level, is being strengthened again. Everyone is perfectly aware what kind of self-censorship they need to exercise if they wish to hold on to their jobs, and everyone does it quite consensually, in spite of critical voices that surface from time to time. For example, last August Xu Zhangrun, a distinguished law professor at Tsinghua University, published on his blog a critique of the conditions under Xi Jinping, entitled "What we are afraid of now and what we are hoping

for". Six months later he was suspended from the university and placed under investigation for a disciplinary offense.

So not even the much-discussed Internet surveillance and the so-called social credits ensure complete control?

Apparently not. I have watched all the drastic measures the Chinese communist party has introduced to safeguard its authority while, at the same time, admiring the inventiveness and courage of some Chinese people. For example, four young men from Sichuan have recently been sentenced to several years' imprisonment for "provoking trouble" by recalling the Tiananmen Square demonstrations. Their crime consisted of having produced "commemorative unsellable bottles of liquor" three years

We can't be in a strategic partnership with China and comply with absolutely everything China wants us to do, while being a privileged partner of the US, a NATO member, part of EU structures.

ago, with a label that contained a pun on the suppressed movement of 1989 and also featuring a variation on the iconic photograph of the young man facing the tanks. So, on the one hand, the regime is incredibly powerful, as the persecution in Xinjiang shows, but internally it is very unstable.

Do you think that China's enormous expansion worldwide gives it internal legitimacy?

It certainly contributes to national pride, thus helping to reinforce the authority of the communist party. And it certainly strengthens the country's legitimacy and self-image, in the sense that once weak China has become a power whose decisions affect the whole world. And it is also about exploring new markets and natural resources, about China's economic growth, which is the foundation of its power and current status. Once growth slows down, as is happening right now, the danger of unrest and protest is on the cards.

If you sign a memorandum on preferential cooperation in nuclear industry, you shouldn't be surprised if the Chinese demand they should be allowed to finish the construction of a nuclear power station.

When, following the crackdown of the protest movement in 1989, China faced growing criticism because of its violations of human rights, Beijing argued that it has its own values based on Confucianism. Is this still the case?

This is quite ironic, because one of the slogans used by the May 4th movement of 1919—the mass protest of Chinese intellectuals calling for national independence, democracy and scholarship on which the

country's modernization was built—was “Down with Confucianism”. We might say that the entire spiritual and intellectual transformation of society, including the education reforms of the 1920s and the creation of modern institutions, was based on the premise that the traditional state ideology of Confucianism was not suited to the needs of the modern world. Communists have always been among the most vocal critics of Confucianism. Yet after 2000 some communist party officials started dusting it off because they saw it as an instrument of fostering national pride and, at the same time, curbing “unhealthy individualism”. Strictly speaking, rather than a return to the ancient local tradition, this turn to Confucianism was a validation of the post-war development which followed the Soviet example of building state and society. The fundamental difference between Confucianism as proclaimed by China's communist party and the ancient Chinese philosophy consists in the fact that Confucianism is a way of thinking that views human beings not in the context of relations between the individual and a large state collective, but within the context of family and its generations.

How should the West and the European Union in particular deal with China? Do Europeans have any tricks up their sleeves that might work? US President Donald Trump has at least a “stick” in the form of tariffs...

My personal view is that the EU or, in fact, any country doing trade with China, always ought to treat it as an equal, instead of positioning itself as the weaker party, the one asking for a favor, while insisting that all international standards and treaties are respected. And they ought to act jointly and be united, not through regional post-communist platforms for trading with China. That sounds simple but I am aware that it is not simple at all. China is a member of the World Trade Organization (WTO) although it doesn't meet the conditions for membership—how was that even possible? This, in my view, was a fundamental mistake. In 2001, when China was accepted into the WTO, many believed that within ten years, as its market economy developed, it would be completely transformed, that it would introduce rule of law and become democratic. But the reality is very different: already back then a number of independent Chinese commentators predicted that it would mean the exact opposite—a strengthening of the communist party's position.

So does that mean that the US President is actually right to force China to the negotiating table and to respect rules by threatening sanctions and tariffs?

It does seem to work in some way. But the question “What impact might a real trade war between China and the US have on the American economy?” is not one that I

can answer. At the same time, however, it demonstrates this key interconnectedness within the global economic system. I don't know if there is a danger that all of us will become so strongly intertwined with China that we will lose the ability to negotiate on behalf of our interests.

At its last session the Chinese parliament passed a bill more welcoming to foreign investment, in an unusually accelerated procedure. Can this initiative be taken seriously? Can it work in practice?

Well, this needs a few additional remarks. This bill does seem to facilitate certain things, not least because it includes an exhaustive list of industries in which foreign investment is limited. This creates more certainty because until now no such thing existed, so that a foreign investor had no way of telling if he had embarked on a hopeless venture, discovering at some later point that it is, in fact, impossible. It also seems that the rules for setting up joint ventures are loosening up. The bill includes a provision specifically aimed at enticing technological companies through special advantages. This is quite understandable since China needs to acquire state-of-the-art technologies. On the other hand, there is also a provision on expropriation, which is framed in terms of the state interest. The general legal environment in China is another matter—in particular, the supersedure

of the communist party over the law. The situation in China is very complex. On the one hand, there are the interests of the state, followed by regional interests, and in addition those of local party officials who are invariably involved in big business and can easily influence court decisions. China has a powerful legal community, many of whose members were educated at foreign universities and have until recently striven to promote the idea of an independent judiciary. Not necessarily in order to defend dissidents or to try and undermine the party's leading role, but rather because they wanted society to function by rules that are respected by everyone: otherwise there is enormous scope for corruption and legal uncertainty. Huge public pressure has made even the communist party embark, gingerly, on some experiments introducing "rule of

Through the optics of Xi Jinping's words, globalization under Chinese leadership is reminiscent of the gathering of all forces sympathetic to China under its helm. The only ones entirely absent are the Americans.

law", especially in dealing with trade and civil disputes. But since Xi Jinping came to power, China has returned to the stage when it is openly stated that efforts to make the judiciary independent of the communist party and the principle of the division

of power in general, are just an attempt by imperialist powers to subvert China. Under these circumstances, foreign companies—regardless of the most recent legislation—find themselves on very shaky ground in China. The new bill does send a positive signal: it is a small step forward, but it doesn't remove the elementary uncertainty for foreign investors. There is a fundamental difference between this situation and the conditions enjoyed by Chinese companies in Europe. In this respect we ought to exert much more pressure on China and make the entry of Chinese companies, especially major ones (often with a sizeable state share) into our market conditional on the provision of equal conditions for our companies in China. And I believe that in the case of industries of national strategic interest it would be appropriate to consider restrictions on some Chinese companies.

Do you think the Chinese communists might go even further at some point in the future?

I do. I think there is always the potential for a pragmatist to emerge from the communist party ranks who will realise that the current policy—the permanent surveillance of its own citizens, the country's unpopularity in the world, the return to strengthening the state's control over the private sector—is self-destructive for China. I believe there are people within the communist party apparatus

who know that this can't work over the long run. To survive, a political system that combines one-party rule with a globally interconnected market economy needs flexibility and the ability to adapt. This is another reason why Europe ought to insist on its principles and values.

Is the Western lifestyle very attractive for the Chinese public?

I'm sure that it is and that the current leadership is aware of this, too. This is one of the reasons why, since coming to power, Xi Jinping has stepped up ideological work and why he has been stressing, in one speech after another, the importance of "developing self-confidence" and promoting the belief that socialism with Chinese features is the best system there is. These are also indications that many

The regime is extremely afraid that a protest movement could again emerge, for instance, at universities. The role of party secretaries, right down to the lowest level, is being strengthened again.

people find the Western way of life and values much more attractive. Suffice it to take a look at Chinese popular culture, which is, of course, derived primarily from its American counterpart. Communist ideologues are aware of this and there have even been attempts to exploit popular culture and turn it into a mouthpiece of the party's ideas. I would be very interested to see if this works. Xi Jinping says that the success of the communist party is based on the struggle for people's hearts.

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Populist Myths

The conventional wisdom runs like this. Globalization has produced winners and losers. Populists have preyed on the losers by employing nationalism and offering them simplistic answers to complicated issues. Democracy is therefore at risk.

Alexander J. Motyl Just about everything about this narrative is wrong.

For starters, no one quite knows what globalization is. Economists have their definitions, political scientists have theirs, and educated folk have theirs. More often than not, the term is just shorthand for “everything that is going on today”—or life. As such, the term is useless. Sometimes, globalization is said to involve some sort of “transnational” processes. This hunch is better, but the problem with it is that transnational movements of people, products, and ideas have been taking place since the dawn of civilization. It may be that such movements have been creating winners and losers for thousands of years, but it is not clear just how that explains anything about politics today.

The confusion surrounding nationalism is just as great. Some analysts regard it as equivalent to national identity. In that case, we are all nationalists. Others—including the first nationalists in the eighteenth and nineteenth centuries—believe that nationalism is the claim that nations should have independent states. Most of us are nationalists in this sense of the word. Still others claim that nationalism is the same as xenophobia and chauvinism. Few would describe themselves in this fashion. But the real problem with this definition is that it confuses things: why not just call xenophobia xenophobia and chauvinism chauvinism?

All Parties Offer Simplistic Solutions to Complex Issues

The greatest confusion surrounds the term populism. If, as most people would agree, populism is about offering simplistic, popular answers to complicated questions, then all politicians in all democracies are, of necessity, populists. When was the last time a party or leader tried to get elected by promising hardship, difficulty, and complexity? All parties—whether centrist, right-wing, or left-wing—offer simplistic solutions to complex issues. Leftists claim that raising taxes, reducing the work week, or raising social expenditures will save the day. Rightists insist that stopping immigration, promoting family values, and cracking down on crime will solve society's ills. Centrists generally try to have it all. Almost invariably, no one explains just how they intend to achieve these goals and deal with the unintended consequences of their actions. Intellectuals are even worse, inasmuch as they are prone to believe that getting things right theoretically automatically translates into effective policy.

In summary, the conventional wisdom boils down to this anodyne maxim: life produces winners and losers and political parties in democracies try to win the support either of the latter or the former.

What, then, is really going on? Because something definitely is. There is turmoil, there is dissatisfaction, there are crises—above all in the countries of the developed West. Things were not supposed to turn out this way in the aftermath of our resounding victory in the Cold War. History, after all, was supposed to end with the consolidation of liberal democracy and market economics.

In summary, the conventional wisdom boils down to this anodyne maxim: life produces winners and losers and political parties in democracies try to win the support either of the latter or the former.

The Forty Years of Cold War Peace are the Anomaly

Part of the answer to this question is that life has returned to its historical norm. The forty years of Cold War peace are arguably the anomaly. Before that, human history—and not just in Europe—was characterized by far more turmoil than we are seeing today. Bipolarity produced unipolarity and, perhaps inevitably, unipolarity resulted in the nerve-wracking jockeying for power known as multipolarity—especially now that the United States may be retreating from its role as global hegemon.

Another part of the answer is that the European Union—the site of so much of the ongoing turmoil—made several fundamental mistakes and is now paying the price. The Union may have been premature, as was expansion into Eastern Europe. Adopting the Euro was definitely premature as well as poorly conceived and executed. More important, the very idea that some unelected bureaucrats in Brussels could manage the affairs of over twenty independent states may just have been the height of hubris—especially as the digital revolution was mobilizing and polarizing people in ways that few could have foreseen.

The United States also made some critical mistakes in the aftermath of its Cold War victory. Invading Iraq is surely one of the most egregious, both in terms of the numbers of human lives that were lost and the strategic disadvantages that accrued to America. Ignoring the threat to world stability posed by Vladimir Putin was another such mistake. In both cases, America’s “hyperpower” status may have lulled it into believing that it could do no wrong.

Populism is a Product of Democratic Politics

Finally, the so-called populists have been able to grow in strength precisely because their populism has proven to be more appealing than the populism of the center and the left. There is nothing intrinsically more persuasive about right-wing populism. After all, all populisms are alike in that they offer simplistic solutions to complex problems. The problem with the populism of the center and left is that it became routinized and divorced from reality.

The bad news is that right-wing populism is a product of democratic politics. But the good news is that alternative populisms are also a product of democratic politics.

Take one example. How should the countries of the West respond to growing immigration and refugee flows? The center-left response was: by showing compassion and solidarity. True enough, perhaps, but compassion and solidarity do not help communities integrate and pay for immigrants and refugees. Building walls, in contrast, may not be very compassionate or solidarity a measure, but it seems to suggest a potentially effective simplistic answer to a complex question, if only because some walls do in fact manage to serve as effective barriers.

Populism needs to offer *persuasive* simplistic solutions to be a winning formula. It also needs to address *all* issues simplistically. The populism of the center and left failed on both counts. It left the realm of simple-minded politics for the realm of simple-minded morals—and morals will never trump politics. And it fell prey to political correctness and refused to provide simplistic solutions to such issues as crime, race, and refugees. That left the field open to the right, which mobilized constituencies by focusing its populism on just these very concerns.

The United States also made some critical mistakes in the aftermath of its Cold War victory. Invading Iraq is surely one of the most egregious, ignoring the threat to world stability posed by Vladimir Putin was another such mistake.

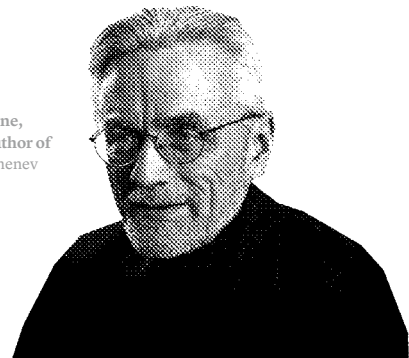
The bad news is that right-wing populism is a product of democratic politics. But the good news is that alternative populisms are also a product of democratic politics. For the center and left to win back their losses, they just have to be better populists than the right.

There is some evidence in America that this is already happening. American left-wing populists have recently adopted the utterly impractical, though politically attractive, Green New Deal. Just as President Trump’s wall will not solve America’s immigration problems, so, too, his opponents’ determination to wean the United States off fossil fuels in a mere decade will solve nothing. But both projects sound great and make their supporters feel good.

Moderates will have to do better than Barack Obama’s vague “Yes, we can” slogan, but it’s now up to them—in both the United States and Europe—to beat the far left and the far right at the populism game and thereby reassert democracy’s ability to generate reasonable *and* popular solutions to policy problems. But for that to happen, moderates will have to stop rejecting populism and start embracing it.

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The New Conservatism

Over the past few years we have witnessed a fascinating phenomenon as a growing number of 1990s liberals now regard themselves as true conservatives and publicly label themselves as such, even though their views have not changed radically.

The political parties that emerged in Czechoslovakia after November 1989 professing values close to those of the British Conservative Party, the French neo-Gaullist Republicans, or the German Christian Democratic Parties CDU/CSU, referred to themselves as liberal-conservative.

To the objection that there was actually nothing conservative about them, that it was the communists who were the real “conservatives” at that time and that these parties were, in fact, revolutionary or at least reformist, their representatives responded by claiming that, while not wishing to “conserve” the communist status quo, they were nevertheless conservative,

as they were striving to resurrect the conservative, pre-communist and pre-Nazi, values of western civilization, such as the rule of law or private ownership.

In reality, they were liberal parties of the classical kind that pursued the goal of establishing a market economy and democratic capitalism. And their politicians knew deep down that they were indeed classic liberals.

A Growing Number of Czech Liberals Regard Themselves as Conservatives

Over the past five years or so, we have witnessed a fascinating phenomenon as a growing number of 1990s liberals now regard themselves as true conservatives

The current definition of liberalism has been moving closer to the US usage, that is to say: to the left. Those regarded as liberals range from economic centrists to moderate social democrats.

and publicly label themselves as such, even though their views have not changed radically. Or perhaps they have in some respects, since some have been baptized into the Roman Catholic church as adults. Of the many possible examples, I will mention just three politicians belonging to what has been the key Czech party of the right over the past thirty years, the Civic Democratic Party (ODS).

The man who served as Prime Minister for ODS (one of those who turned to faith and has been baptized) ten or twelve years ago now describes himself as a “neo-conservative, neo-liberal and neo-Catholic”. A former dissident and associate of Václav Havel, who went on to serve as Minister of Foreign Affairs and has recently been elected a Euro-MP is another newly-baptized Catholic and self-identifying conservative. And the woman who had held the post of Minister of Justice ten years ago, and who has become a renowned solicitor and critic of “gender feminism” and the Istanbul Convention, says she has always been a liberal and regarded herself as a such, yet she could not help but become a conservative.

What is going on and how did this come about?

The Current Definition of Liberalism Shifted

First, the very meaning of the word liberalism has shifted. In the 1990s it was understood to stand for classic liberalism, that is to say the doctrine of the small state and a market economy, with Friedrich A. Hayek and Milton Friedman seen as apostles of this kind of liberalism.

The current definition of liberalism has been moving closer to the US usage, that is to say: to the left. Those regarded as liberals range from economic centrists to moderate social democrats, as well as those for whom Judeo-Christian values and heritage are more of a burden, namely readers of the British *Guardian*, the Polish *Gazeta Wyborcza*, the dailies *N* in the Czech Republic and Slovakia, or the Czech weekly *Respekt*.

Second, those who in the 1990s helped introduce or, to be more precise, reinstate in this country a free society (which includes democracy, civic freedoms, human rights, rule of law, constitutional curbs and checks and balances, a market economy, etc) found very little worth conserving in the prevailing conditions of that period and thus saw no reason to describe themselves as conservatives. Thirty years on, however, there are things to be “conserved”, i.e. defended and preserved.

These people are convinced that after November 1989 they managed to achieve something good and that the past thirty years have been one of the happiest periods in our history. Rarely, if ever, have we enjoyed so much freedom, security and prosperity as over the past thirty years. What is exceptional is that these three things—freedom, security and prosperity—have occurred at the same time, which is almost a minor miracle.

And in addition—and that seems to be the real miracle—we have enjoyed good, friendly relations with all our neighbors and are no longer plagued by nationalist hatred against one another.

All this is worth conserving, worth being conservative about. In other words, the present-day new conservatives are those who wish to conserve the free society established after November 1989.

In other words, the present-day new conservatives are those who wish to conserve the free society established after November 1989.

Third, they feel that we might lose all of this, the blessings of freedom, security and prosperity, which is quite unique rather than something that can be taken for granted. (While the conservatives are grateful for the good things we have now, the progressives are angry that there are not enough good things and that society is evil.)

Clouds Gathering on the Horizon

The new conservatives see clouds gathering on the horizon, coming from three of the cardinal points of the compass.

From the West, a stultifying political correctness is being aggressively promoted that curbs meaningful discussion of some sensitive political and social issues.

From the East, comes the expansion of a neo-imperialist, assertive Russia, ruled by a regime that lacks basic respect for human beings, individuals and their lives.

While it is undoubtedly right and proper to ban, and mete out punishment for, statements that defend crimes or incite to the committing of crimes, this is not what is understood by the term “hate speech”.

From the South, exacerbated by migration, a historically alien civilization is moving towards us, which in addition includes a small but virulent movement known as Islamism or Jihadism that abhors our values and would prefer it if we were all dead.

The conservatives see all of this as a threat to our freedom, security and prosperity. That is to say, not only are there things worth conserving but also things we need to worry about.

Fourthly, rather than the two external threats (being classic liberals, they would oppose Mr Putin’s aggression just as much as they would the terrorist jihad) it has been the first, internal threat that has over the past five years played a crucial role in the self-identification of former classic liberals-turned-new-conservatives (a transformation that did not involve any substantial change of views).

They perceive this as an attempt to impose political correctness and ideological thinking by the political movement that calls itself progressivism and that has gained hegemony west of the Czech Republic, imposing its ideology with steadily increasing vigor and showing less and less tolerance to those who do not share it or, indeed, dare to oppose it.

The 1990s—The Golden Age of the Freedom of Expression

One of its manifestations are restrictions on freedom of expression, a narrowing of the definition of what is socially acceptable and what should be ostracized. Its most drastic expression are the legal, i.e. state-sanctioned, pro-

hibitions on what is known as *hate speech*. While it is undoubtedly right and proper to ban, and mete out punishment for, statements that defend crimes or incite to the committing of crimes (such as murder), this is not what is understood by the term “hate speech”. The term is applied to any statements which, even if not objectively intended as hateful or subjectively perceived as such by many, might be deemed insensitive towards members of the communities favored by progressivists, such as racial minorities, ethnic groups of non-European origin, and sexual minorities. An innocuous ethnic joke—as long as it targets a non-European ethnic group—is labeled hate speech.

In this respect, former classic liberals and present-day new conservatives look back at the 1990s as the golden age of the freedom of expression in our country. They feel that, when it comes to freedom of expression, today’s Czech society is still far freer than its Western European counterpart, and they want it to stay that way.

Present-day new conservatives feel that, when it comes to freedom of expression, today’s Czech society is still far freer than its Western European counterpart, and they want it to stay that way.

Another manifestation is the extremist position of progressivism on immigration. New conservatives believe that it is as legitimate for people to have differing views regarding the number of immigrants a country accepts as it is in matters of taxation. If one person champions lower taxes and another wants higher taxation, it does not mean that one of them is a villain. The new conservatives believe that the same should apply to migration: any position, be it extremely liberal or completely restrictive (and, of course, anything in between) is legitimate and none should be demonized. They watch with astonishment, however, the fact that the progressives tend to demonize as racists and xenophobes anyone who champions more restrictive immigration policies, including those who do so for prudent and level-headed reasons.

The Next Controversy: Privileges for the LGBT Community

The next concern relates to the rights and privileges of the LGBT community. The new conservatives, in their previous incarnation as classic liberals, defended the freedom of members of the LGBT community and the tolerant attitude of the majority towards them. They continue to disapprove of the fact that homosexuality used to be criminalized in Western societies.

Although they still hold this classically liberal view, they have been taken aback by the transformation of a movement for the rights of the LGBT community into a movement that demands privileges for them or, indeed, calls for the criminalization of those who object to these rights on moral or religious grounds.

Some were surprised by the LGBT movement's demand that members of the LGBT community should not be merely tolerated but that they deserve the same social recognition as a married couple raising children. Then came the next shock, in the form of moves to criminalize for hate speech clergy who—in line with biblical teachings—described homosexual relations as “sinful”. Next came demands for the legalization of same-sex marriage, which has now been achieved in most West European countries. In other words, the demand that the family unit comprised of a father, mother and children should lose the exclusive social recognition it has enjoyed so far (while all other consensual alternative life-style options among adults have been fully tolerated) by giving same-sex cohabitation the legal status of marriage.

Although they still hold this classically liberal view, they have been taken aback by the transformation of a movement for the rights of the LGBT community into a movement that demands privileges for them.

For the remaining new conservatives, the final straw came when people who refused to regard a same-sex union as a marriage on religious or moral grounds began to be criminalized.

Former Dissidents Are Asking if this is what They Were Fighting For

Here are some examples to illustrate the point I am making.

Mr and Mrs McArthur run Ashers Baking Company in Belfast in Northern Ireland. Although they routinely serve LGBT customers, they refused to bake a cake decorated with the slogan “Support Gay Marriage”. In the autumn of 2016, after the Equality Commission of Northern Ireland as well as a court imposed a hefty fine on the couple, one of the Czech new conservatives I have mentioned earlier—the former dissident and close associate of Václav Havel—told me that this was awful, and that this

was not what we had fought for in November 1989; in fact it was precisely what we had fought against.

What he meant was that, while the state may and should ban certain kind of statements (such as “certain kinds of people should be sent to the gas chambers”, which is incitement to murder and its defense), the state should never force anyone to say or write anything that contradicts their conscience. The state should not force the greengrocer to put up in his shop window a banner of the only political party (as in Václav Havel’s essay *The Power of the Powerless*), or force anyone to write something he disagrees with: for example, a vegetarian to promote meat, a pacifist to praise arms, an Orthodox Jew to glorify Jesus or an Evangelical Christian to support gay marriage.

This progressivist trend to punish public expression of disagreement with the official progressivist view, is a further reason why classic liberals have turned into new conservatives without abandoning their classical liberal political and economic convictions.

Around the same time a baker, Jack Phillips (another Evangelical Christian), in Colorado, USA, served all customers regardless of their sexual orientation but refused to bake a cake for a gay couple’s “wedding” because he did not regard it as a wedding; on the same religious grounds he had refused to bake cakes for Halloween or containing alcohol. Other similar cases, for example, some florists or wedding photographers, have been reported in the US: the problem for them was not LGBT customers per se but the ceremonies they described as “weddings”. Under US anti-discrimination law, they were sentenced to huge, ruinous fines, their sentences were confirmed by courts of second and higher instance, and they were even liable to end up in prison.

In fact, the customers could easily have sought other service providers, while the conscientious objector “refuseniks” would have to accept making less money.

New Conservatives with Classical Liberal Convictions

In the end, both cases had a seemingly happy ending: the McArthurs and Jack Phillips appealed to their countries’ respective Supreme Courts and in 2018 both courts vindicated them, stating that there was no discrimination

as the defendants had not refused their customers on the grounds of sexual orientation but because of their own moral disapproval of certain views which their customers (as well as the anti-discrimination commissions and lower courts) obliged them to express.

This progressivist trend to punish public expression of disagreement with the official progressivist view, and for the state to use its force to make people express views they disagree with, is a further reason why classic liberals have turned into new conservatives without abandoning their classical liberal political and economic convictions.

I have based this sketch of the new conservatism on examples from the Czech Republic but there are undoubtedly parallels with Poland, Hungary or Slovakia. The Slovak MP Milan Krajniak, deputy chairman of the party *We Are A Family*, started out as Chair of the Civic Democratic Youth, the most classically liberal youth organization. The Polish Euro-MP Ryszard Legutko told me fifteen years ago that people like him used to be dubbed “colibri”—conservative liberals. And we must not forget that in 1988-1989 the young Viktor Orbán started out as a liberal firebrand.

In other words, through their hard-line, politically intolerant and moralistic attitudes, by calling for the state to punish people for their opinions and trying to impose their own, and by imitating some of the loathsome techniques of the former communist regime, the progressivists who describe themselves as “liberals” are actually turning former real liberals into new, present-day conservatives.

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Ivan Preobrazhensky: From Russia's Perspective, Central Europe Does Not Exist

Russian influence in Central Europe is proportional to the influence of Central Europe in the EU and NATO. Today, Russia's investment in this region is minimal, says political scientist Ivan Preobrazhensky in an interview with Zbigniew Rokita.

ZBIGNIEW ROKITA: When did you leave Russia and move to the Czech Republic?

IVAN PREOBRAZHENSKY: With the annexation of the Crimea. Previously, I had divided my life between two countries, my family was already living in Prague, but in 2014 I left Russia. My decision was not only political. The economic crisis in Russia began even before the annexation, the ratings of the regime were falling and the annexation of the Crimea was supposed to boost them. It was clear that the economic

situation would not improve after the annexation: sanctions were soon imposed on Russia, which responded with counter-sanctions, and there was the specter of an armed conflict on a larger scale.

Do you know more people who have moved abroad, including to Central Europe?

While in 2014 a noticeable, although not huge, number of people emigrated, in the following years there were more of them and today there is a large wave

of emigration. This could not happen overnight, and in Russia it takes some time to complete the formalities necessary for emigration to the European Union.

Who is leaving?

People who cannot find their place in Russia after the annexation: those who have been involved in social, cultural or political projects, have run mid-size businesses and are today unnecessary or feel pressured by the regime. Many of them took part in the protests of 2011-2012 or did not agree to the annexation of the Crimea. These people have a feeling, sometimes subjective, sometimes objective, that they can no longer develop in Russia. This is, of course, a different model of emigration than the one we know from the times of the Soviet Union. Today's emigrants do not break their ties with their relatives, they belong to the Russian information space, they are interested in the issues taking place there.

We hear a lot that Russian immigrants in the Czech Republic often have pro-Kremlin views.

That depends on what kind of emigration we are talking about. Such views are held by many Russians who came to the Czech Republic in the 1990s and 2000s. There are a lot of apolitical people among them. They hear from relatives in their home country that the situation in Russia is not so bad. This is a mechanism described by

sociologists long ago: those who decide not to emigrate do not speak badly about their country. On the other hand, those who left after 2014 have a different attitude, they are more critical of Vladimir Putin. I leave aside Russian students, whose numbers have been growing rapidly in recent years.

Do you see the Kremlin trying to improve its image and use soft power in the Czech Republic?

The Russian regime does not go for that kind of thing. Traditional forms of promotion of Russian culture remain the same: the matrioshka, balalaika, ballet, Russian classical music concerts or visits of such people as the neo-Stalinist writer Nikolai Starikov. The halls are full, but it is usually the Czechs who fill

Today's emigrants do not break their ties with their relatives, they belong to the Russian information space, they are interested in the issues taking place there.

them up. A lot of work is also done by those Russians who blend in well with the Czech elite—unlike in the three other Visegrad countries. In the Czech Republic they join various closed clubs, societies, golf clubs and hockey clubs—in Russia the latter play the role of Masonic lodges. I think that Russia influences the Czech Republic mostly in this way. In any case, the Czech authorities are pursuing a pro-Russian policy. Recently,

the magazine *Reflex* published a caricature in which Miloš Zeman speaks to his press spokesman: “In a few days our guys are playing hockey with the Czechs, you need to arrange some bottles.” Russia is a reference point for Eurosceptic and anti-liberal Czechs. China is too different.

Russia is an attractive alternative?

Yes, especially to Germany, which for the Czechs is the main economic and cultural partner, but with which they also have many historical scores to settle. You can always say to Brussels and Berlin: “If you keep pushing us, we can go east, to the other big brother.” People with a pro-Russian attitude are now in the mainstream of Czech public life. Russia probably helped its allied parties during the parliamentary elections in 2017 and helped Zeman during the presidential elections a year later—nobody succeeded in proving this, which does not mean, however, that there was no such support. There is no doubt about the aid granted by companies that are closely related to Russian capital. It is sometimes confusing, because the Czechs allow dual citizenship and many people have both Russian and Czech citizenship. Such persons control,

Traditional forms of promotion of Russian culture remain the same: the matrioshka, balalaika, ballet, Russian classical music concerts.

for example, many anti-European and pro-Semitic websites, and Zeman supports nationalist populists and Eurosceptics.

So those who want to support Russia do not have to say openly that the Kremlin is good. It is enough for them to criticize the European Union and the liberals and promote Moscow’s agenda.

Yes, they are the first to voice grudges against the EU. The Russians are working with them, imposing their point of view. In May, a Czech member of the Communist Party, whom the ruling coalition wanted to appoint as the head of the committee for control of the security services and police, went to the Donetsk People’s Republic and met with its “leaders”. And I assure you, he didn’t go there through Kiev. There are at least three such people among the communist MPs. Pro-Russian people are on every major ballot, and there are even more of them among smaller groupings. Zeman is one of those European leaders whom Russia praises the most. The Russian regime is not as effusive even towards Viktor Orbán, because he is not as unequivocally pro-Russian. Through politicians such as Zeman, Russia is inserting its ideas into the European debate: the Czech president, for example, continues to emphasize that the Russian status of Crimea must be recognized somehow.

How did the Kremlin's attitude towards the Visegrad countries change after 1991?

After the break-up of the Soviet Union, Russia itself was more or less democratic and saw Czechoslovakia, Hungary or Poland, along with the post-Soviet republics, as partners. Economic ties quickly loosened, although Rosatom, for example, kept working with the Czech Republic, and Gazprom with Poland, Slovakia and the Czech Republic. On the other hand, political relations were strong until 1994-1995, when imperial leanings began to be rescinded in the Kremlin under Boris Yeltsin. The regime is one thing, however, and security services and diplomacy are another. In Moscow, officials did not change, only their managers did. Alexei Gromov is one example: he worked as a Soviet diplomat and later as a Russian diplomat in Karlovy Vary, Prague and Bratislava, while today he is the first deputy head of the administration of Vladimir Putin and oversees Russian television. He is still interested in the Czech Republic and Slovakia and speaks the local languages.

The shape of Russian policy towards the Visegrad countries at the time depended on Russian capabilities. Central Europe was long forgotten in the Kremlin and this state of affairs lasted until the late 1990s. At that time, marginal politicians in Russia and in the Visegrad countries created informal ties—for example, Czech

People with a pro-Russian attitude are now in the mainstream of Czech public life. Russia probably helped its allied parties during the parliamentary elections in 2017 and helped Zeman during the presidential elections.

communists and Russian Eurasians, who even in Russia at that time were still regarded almost as extremists.

Then Putin came to power in 1999.

Yes, but a year earlier Yevgeny Primakov became head of government, and with him the conservative line began to reign in the Ministry of Foreign Affairs. From that moment on, Russia begins to see Central Europe as an instrument of influence on the whole of Europe. This coincides with the gradual accession of four Central European countries to NATO and the EU: they gain voting rights and influence in these institutions. Nevertheless, Russia still talks separately with France and Germany and wants to maintain bilateral relations in Europe.

What does the annexation of the Crimea change in this respect?

A lot. The traditional economic presence of Russian capital in the Czech Republic, Slovakia and Hungary has been significantly reduced by sanctions. At the same time, Moscow felt that it needed modern

technologies, which the West would no longer provide and which it could obtain from Central European countries. Furthermore, the Kremlin wanted a guarantee that, in the event of a threatening conflict with NATO, Prague, Bratislava and Budapest would not support an attack on Russia. The same applies to EU sanctions: maybe good relations with Prague or Budapest will not lead to the withdrawal of the sanctions, but at least they will enable Russia to smuggle this idea in as a subject of European debate. That is what is happening: Austria and Italy are doing that on the EU arena.

Zeman is one of those European leaders whom Russia praises the most. The Russian regime is not as effusive even towards Viktor Orbán, because he is not as unequivocally pro-Russian.

So for Russia, Central Europe is a weak link of the EU and NATO, through which they can be influenced? Is it using the democratic system of these organizations in this way?

Let me put it this way: Russian influence in Central Europe is proportional to the influence of Central Europe in the EU and NATO. If the Visegrad countries are given more say, the presence of Russia will be strengthened. Today, Russia's investment in the region is minimal. The Russian regime is pleased when

Zeman announces that he does not rule out holding a referendum on leaving the European Union, but at the same time Moscow wants Central European countries to remain in Western structures.

Because we are still thinking in Cold War terms, it seems to us that NATO or the EU members are in a different political and military bloc than Russia. Meanwhile, the examples of Turkey and Hungary show that despite the formal affiliations you can stand apart and harm the organization in which you continue to linger in.

Russia is counting on a fundamental change in the balance of power. When Moscow decided to annex the Crimea, it was certain that NATO would not be able to agree within its own ranks to provide military assistance to Ukraine. The Russians hope that this would also happen in the event of a conflict between Moscow and a NATO member. Russia buys European politicians, uses soft power, tinkers with elections using political technology specialists, gives money to companies or organizations cooperating with it, with it and works via the Internet. The ultimate goal of all these procedures is the disintegration of the current bloc system.

So, it is a kind of completion of the Cold War: thirty years ago, the Eastern Bloc collapsed and now Russia,

unable to rebuild its own camp, is destroying the Western bloc.

Certainly. We talk a lot about the Czech Republic, Slovakia and Hungary, but the Polish government is favorably perceived by the Kremlin, although this is harder to notice. They told me in the Russian Ministry of Foreign Affairs that they wanted right-wingers to always rule in Poland, because the liberals need to be talked to and they want a stronger EU.

This is the situation we have been talking about using the example of the Czech Republic. In Poland, the right wing that supports Russia is a narrow fringe. And Law and Justice is anti-Russian, but it has a policy that works in Russia's favor: it is anti-European, anti-Berlin. You don't have to love Putin to do what he loves.

Yes, Russia always acts pragmatically. It will always support those who promote its interests, even if they have a negative attitude towards Russia. Moscow always makes a choice based on what is on the table at the moment. Russian foreign policy is flexible. In Hungary, for example, the ultra-right Jobbik was strongly supported some time ago, but when the Kremlin realized that this party could not come to power, it ended the support.

Do you perceive a particular interest on the part of Russia in a specific Visegrad country?

Keeping in mind that Russia is not particularly interested in this region compared to France or Germany, we can definitely say that the Czech Republic is the center of Moscow's interest in Central Europe today. It has a president who is very sympathetic to Russia and whose associates do business with Russian companies. In addition, there is the Eurosceptic Prime Minister, who cannot have good relations with Brussels because it blames him for the corruption and embezzlement of European funds. However, the tables may turn. Washington has recently started recalling that Central Europe exists and returning actively to the region, with meetings at the highest level. And for the Czech Prime minister Andrej Babiš, Trump is an even better alternative to Brussels than Putin. This may be an even stronger alternative than George W. Bush used to be. By the end of the year, it will be decided whether the ruling coalition in the Czech Republic will reorient itself towards the USA. If it does, it would put a damper on Prague-Moscow relations.

The shape of Russian policy towards the Visegrad countries at the time depended on Russian capabilities. Central Europe was long forgotten in the Kremlin and this state of affairs lasted until the late 1990s.

How do Russians perceive the Visegrad countries—as part of the West?

The symbolic boundaries have changed somewhat over the last few years. There are post-Soviet countries such as Ukraine and Belarus, but this category does not include the Baltic States. They are already part of Eastern Europe together with the Visegrad countries or Romania.

But without the Balkans and Bulgaria.

Russian influence in Central Europe is proportional to the influence of Central Europe in the EU and NATO. If the Visegrad countries are given more say, the presence of Russia will be strengthened.

Bulgaria is seen as part of the Balkans?

No, as a post-Soviet country. Bulgaria is very “Russian”: many Russians live there, many have real estate, and a language similar to Russian is spoken there. The Russians would rather go to Bulgaria than the Czech Republic.

Bulgaria is the only country that wanted to join the USSR, but it was denied access.

Kuritsa nie ptitsa, Bulgaria nie zagranitsa [A hen is not a bird, Bulgaria is not a foreign country.]

I thought this saying was about Poland.

Many countries used to be described in this way, but it is still used in the context of Bulgaria. Some also see the Czech Republic as a post-Soviet country, but most understand that it is Eastern Europe.

Does Central Europe exist for the Russians?

What the Russians see is Western Europe (maybe without Spain and Portugal), Eastern Europe, the post-Soviet area and the Balkans. They generally do not recognize such a concept as Central Europe.

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Orbán's Peacock Dance

ASPEN.REVIEW
EDIT ZGUT
ROBERT CSEHI

POLITICS

ORBAN

EPP

SALVINI

The relevance of the protective shield provided by the European christian democrats to Viktor Orbán cannot be emphasized enough. It is no wonder then that he remains quite ambiguous about a potential future partnership between his party and the other Eurosceptic populists.

We are approaching an end game regarding the identification of Fidesz, the Hungarian ruling party with the European center-right political faction, which has—with the cooperation of the center-left—influenced the politics of the EU for decades. Although the final break has not materialized yet, Viktor Orbán's party is a member of the christian democratic European People's Party (EPP) in name only. In fact, the Hungarian Prime Minister is orbiting a broader Eurosceptic and/or populist alliance which is willing to transform the integration and question some of the fundamentals the continent had laid down throughout its historical progress after the Second World War. How seriously should one take, however, Orbán's peacock dance with the forming Eurosceptic Populist International?

Back in March 2019, when the EPP raised concerns about Orbán's European elections campaign—which ultimately led to the suspension of the membership of Fidesz in the EPP—, Orbán already hinted at holding talks about a potential new, European party-based alliance with the Polish governing party, Law and Justice (PiS). The idea of such cooperation is hardly surprising given the extent to which political realities overlap in the two countries. Both Orbán and Kaczyński—the *de facto* political leader in Poland—use a Eurosceptic populist voice that portrays the EU as an imperial or colonizing power that often disrespects its member states and its constituencies.

Defending the National Sovereignty against Brussels

Orbán's Eurosceptic populist approach is underpinned by an extremely one dimensional anti-immigrant rhetoric. The main thrust of his political discourse is that pro-migrant federalist elites—also within the EPP—are willing to build an empire, the United States of Europe, that would undermine the sovereignty of Hungary and its honest people. According to investigative journalists, the Hungarian government has spent more than €100 million since 2015 for a public advertisement campaign embedded in a broader conspiracy that the Hungarian-born American billionaire George Soros, together with the EU, is willing to destroy nation states by flooding Hungary and the EU with illegal migrants. While spreading the key message that the “People have the right to know what Brussels is planning”, Orbán's centralized press machinery attempts to delegitimize any rule of law criticism coming from the EU by saying that it is a punishment for Orbán's anti-immigrant stance.

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As opposed to the anti-migration rhetoric, in the case of Poland, the political discourse has been dominated instead by the rule of law crisis and the disciplinary hearings in the EU. As the rule of law-based criticism intensified, Kaczyński began to claim that the corrupt, domestic political elite collaborated with the politically biased European Commission and the European Court of Justice to undermine the national sovereignty of Poland, and the will of the Polish people.

A Cultural War against the EU

Although there is a substantial difference in the intensity and bluntness in Orbán's and Kaczyński's Eurosceptic populist narratives, which can be partly explained by the level of concentration of political power in their respective countries, the two leaders share a strong sentiment that the EU is increasingly becoming a colonizing empire with a political elite that declares decisions based on the will of the people dangerous. To counter that, Kaczyński has even suggested recently, in a letter to the other capitals in the EU, to give the veto right to national parliaments over EU laws. Furthermore, both Orbán and Kaczyński are waging a cultural war against the EU. While the former claims that Hungary's way of life is now being threatened by "politicians from Brussels, Berlin and Paris", the latter intensified his cultural counter-revolution narrative against the EU that it is not able to defend traditional family values as it continuously insists on political correctness for the sake of LGBTQ and Muslim minorities.

Orbán and Kaczyński share a strong sentiment that the EU is increasingly becoming a colonizing empire with a political elite that declares decisions based on the will of the people dangerous.

Orbán has other potential allies with a similarly Eurosceptic, populist position and governmental power. Matteo Salvini, the Deputy Prime Minister and Minister for the Interior in Italy, described the EP elections as a referendum to choose between the "pure people" and the corrupt European elites. He is promoting the creation of a pan-European right-wing populist coalition, the European Alliance of Peoples and Nations (EAPN). Although neither Orbán nor Kaczyński and their respective parties attended the transnational meeting of the EAPN in April, Salvini did pay a visit to both Warsaw and Budapest to signal his openness to include Fidesz and PiS into his European party coalition.

The Austrian Model

The unity between Salvini and the Hungarian Prime Minister, who referred to the Italian politician as a hero, was hard to miss during their meeting. They both criticized the EU for not representing what "the people" really want and for not showing enough respect for its member states. During their press

conference, Orbán even emphasized that the EPP should open towards “the patriotic right”, i.e. the Eurosceptic and often populist parties under the EAPN, as opposed to the center-left parties which are “pro-migration” according to Orbán, and “want the worst for the peoples of Europe” as Salvini claimed.

Matteo Salvini, the Deputy Prime Minister and Minister for the Interior in Italy, described the EP elections as a referendum to choose between the “pure people” and the corrupt European elites.

This right-wing coalition model was mentioned again during a visit of the then leader of the far-right Austrian Freedom Party (FPÖ), Heinz-Christian Strache in Hungary. Orbán has claimed that “instead of a grand European coalition, we would also like to maintain the possibility of opening towards the Right; what works in Vienna could also work in Brussels”. Although the resignation of Vice-Chancellor Strache, after the scandalous footage of his dubious political act, circulated across newsrooms all across Europe, and the dissolution of the Austrian governing coalition raised multiple questions that undermine the viability of a right-wing coalition advocated by Orbán, he is still aiming to become a mediator and the facilitator of such political cooperation. The Ibiza-Gate is likely to deepen the cleavage, however, between the EPP and the EAPN, and thus will further alienate Orbán from the EPP.

The Dangerous “Liberal World-Mafia”

The relevance of the protective shield, provided by the EPP to Orbán, cannot be emphasized enough. Giving up strategic positions in the center political field and shifting away from the strongest European platform will come at a great cost as it will result in his further marginalization on the European level. This could turn out to be perilous for its negotiation positions in the Article 7 Procedure (although the upcoming Polish parliamentary elections are much more relevant for that), and in the next multi-annual financial framework, just to name a few. This is where the cracks among Eurosceptic populists become more and more visible.

Despite the “budding bromance” among the previously four, now three, right-wing Eurosceptic populist politicians in government, Salvini, Kaczyński, and Orbán do not share much in terms of policy preferences.

While Salvini wants to ease austerity measures in Italy and is likely to fight for a larger slice of the common EU budget, the latter two tend to strengthen the perceived division between the West and the East, signaling to their nationals that the EU is employing double standards and thus lets East-Central European member states down. Relations with Russia—just to name another issue—is another topic where these three politicians do not necessarily see eye to eye. While Salvini is one of the greatest proponents of Vladimir Putin in Western-Europe, Orbán takes a similarly benevolent position towards the Russian leader. As the Hungarian Prime Minister explained it just before the EP elections: “one should not fear Russian interference, but rather the liberal world-mafia of George Soros”. In contrast, Kaczyński and Poland is highly critical of any friendly approach towards the Russian Federation.

Orbán’s Sit-on-the-Fence Strategy

There is a more inherent challenge Eurosceptic populist parties will have to face. They might find common ground, however, in their critique towards the EU, which attracted these parties to one another. Not only did Salvini *de facto* send an invitation to Orbán and Kaczyński, but the European Reformist and Conservatives (ECR), where PiS is a main stakeholder, would also welcome the Italian Liga, the Hungarian Fidesz and the Spanish Vox among their ranks with open arms. PiS also tried to join the EPP last summer, which indicates the political limitation of operating in a less influential faction within the EP.

The relevance of the protective shield, provided by the EPP to Orbán, cannot be emphasized enough.

Populists, more specifically nativist populists, tend to define “the people” they represent in an exclusively nationalist way. This eventually leads to an unstable and antagonistic relationship between them in the long-run, or rather as soon as national interests collide. This is why pre-election forecasts about a potential Eurosceptic populist challenge to further EU integration were rather exaggerated. After all, although the center-left S&D, and the center-right EPP lost seats in the European Parliament, with the liberal ALDE, they still have a comfortable majority in the house, even if Orbán decides to leave the EPP. Furthermore, even if Salvini’s EAPN, the ECR and the British Brexiteers joined forces, which is highly unlikely given their diverging policy preferences, they would not qualify as the largest faction in the EP.

Provided that they also manage to lure some of the EPP members into their ranks, which would effectively lead to the breakup of the EPP, close-to-center parties are highly unlikely to enter into a coalition with the Eurosceptic populist platform, which—given the previously explained reasons—is almost doomed to disintegrate if decision-making power is guaranteed to them.

Populists, more specifically nativist populists, tend to define “the people” they represent in an exclusively nationalist way. This eventually leads to an unstable and antagonistic relationship between them

It is not surprising then that Orbán remains quite ambiguous about a potential future partnership between his party and the other Eurosceptic populists, and instead wants to build a bridge with the EPP. Europe’s self-proclaimed strongman, who always lectures his political opponents about the relevance of values and principles in politics, indeed seems to resort to a cowardly, calculating, sit-on-the-fence strategy that leaves him the largest room for maneuver. Should EPP push him to play the role of the “prodigal son” after the EP-elections, for power political considerations, the Hungarian Prime Minister will keep polarizing both on the national and the European level with these populist Eurosceptic narratives.

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North Macedonia Wants To Go To the West

ASPEN.REVIEW
MIŁOSZ PIENKOWSKI

POLITICS
NORTH MACEDONIA
GREECE
EUROPEAN INTEGRATION
NATO

Eswatini (Swaziland), Cambodia, Democratic Republic of Congo. After 1989, only three countries changed their name without gaining independence or changing their borders. Recently they have been joined by another one, North Macedonia. What hopes are placed in this change?

“The first party, the Hellenic Republic (the “First Party”) and the Second Party, which was admitted to the United Nations in accordance with the United Nations General Assembly resolution 47/225 of 8 April 1993...” This is the start of the agreement that was concluded on 17 June 2018 at Prespa Lake by the representatives of the two states bordering it. It is rare that the name of a country is so enigmatically veiled. It is only on the third page of the document that the riddle is solved; Greece signed an agreement with the Republic of Northern Macedonia.

The reason is that the name of the state itself was at the heart of the dispute. The Greeks accused the Macedonians of usurping their right to the Hellenic heritage and, in the long term, of seeking to link the lands of today’s Bulgaria-based Pirin Macedonia, Aegean Macedonia around Thessaloniki, and Vardar Macedonia, basically the territory of the state known up until recently as FYROM.

The fears of the Greeks had been seen as exaggerated. Even if Macedonians entertained a covert nostalgia for Great Macedonia, none of its major political or intellectual forces had declared a desire to change borders. Above all, however, it was quite unusual that the fear of revisionism was greater in the country which had 5.5 times more inhabitants (nearly 11 million Greeks against 2 million Macedonians) and incomparably larger armed forces (143 thousand soldiers against 8 thousand; over 140 F-16 against a state without an air force), and was a member of the most powerful military alliance.

Greece's argument could have been seen as exaggerated, with its actions towards the government in Skopje appearing as arrogant and, above all, the very substance of the dispute on a several-thousand-years-old matter as trivial. Athens' consistent international attitude meant, however, that Skopje, wishing to move forward in Euro-Atlantic integration, realized that it was necessary to reach a compromise, albeit with a great sense of injustice.

Putting Relations with Macedonian Neighbors in Order

Macedonian politicians could keep excusing the lack of progress in European integration though Greek obstruction and sweeten the failure with bombastic monuments to Alexander the Great. Zoran Zaev from the Social Democratic Union of Macedonia (SDSM), who became Prime Minister in May 2017, decided to break with this approach. Putting relations with Macedonian neighbors in order is a prerequisite for becoming a member of NATO and the European Union, especially as two of the neighbors are already there and can effectively block the admission of new members.

Importantly for Macedonians, Bulgaria also indirectly admitted in the agreement that Macedonian was a separate language from Bulgarian. It may seem trivial, but it is not so.

In August of this year Zaev consequently normalized relations with Bulgaria, concluding an agreement in which both countries renounced territorial claims and Bulgaria undertook to support Macedonia in its efforts to integrate with the European Union. Importantly for Macedonians, Bulgaria also indirectly admitted in the agreement that Macedonian was a separate language from Bulgarian. It may seem trivial, but it is not so. This example demonstrates how elementary issues had been neglected in the mutual relations of countries that have now been neighbors for 25 years.

This minor achievement in Skopje-Sofia relations was also a clear signal to Athens that the current “government in Skopje” (the Greeks avoided phrases that would include the word “Macedonian”) was indeed determined and ready to carry out all the most controversial and necessary reforms. Favorable circumstances occurred not only in Skopje. For the Greek elite, a solution to the dispute with Macedonia was necessary, and the vision of ending it was accepted with some relief. This regarded many aspects, from the international dimension, where Greece was losing out on its image of a country hampering the integration process, to the fact that the Greeks themselves would finally know what to call their own neighbor, for whom they had invented wildly convoluted names.

For the Greek elite, a solution to the dispute with Macedonia was necessary, and the vision of ending it was accepted with some relief.

Tsipras Decided to go Against the Sentiments of the Greek “Street”

Working in favor of Zaev was the fact that it all coincided with a short moment when the actual good will of the government in Athens was greater than the declared one. This was due to the fact that the determination of Prime Minister Alexis Tsipras from left-wing Syriza was paradoxically strengthened by the poor ratings of his party. The humiliation that the negotiations with the European Union and the overall relationship with Turkey experienced in the eyes of Greek society was definitely burying the chances of success for Syriza in the European and national parliamentary elections planned for 2019. Tsipras therefore decided to go against the sentiments of the Greek “street”. Thinking that his party would have to relinquish power in 2019 anyway, he chose an unpopular, but necessary and statesmanlike solution regarding Macedonia. During the negotiations both sides chose “North Macedonia” out of a number of proposals.

The protests confirmed that both the Greek and Macedonian “streets” were not fully ready to accept a solution. Tsipras lost all its popularity because the agreement was seen as a sign of another failure of Athens in the international arena. Zaev, on the other hand, began to be accused of betraying the essence of Macedonia, especially in the context of agreements concluded with Bulgaria and concessions to the Albanian minority aimed at gaining its support.

It was not self-evident that the agreement would be maintained and ratified. Time worked against it—as any Greek government that emerged after the elections on 30 June 2019 would be less willing to accept the agreement. On the Macedonian side, the obstacles were as follows: President George Ivanov, who refused to ratify it, the referendum on 30 September 2018, with a too low turnout to be binding, and the negotiations in the Assembly of the Republic, which adopted the agreement after a few months, on 11 January 2019. Two weeks later, the Greek Parliament did the same, thanks to which the Macedonians were able to replace the name plates of their country with new ones as of 12 February 2019.

A Positive Signal for the Whole Region

The efforts undertaken by both countries, supported by the international community (the USA is still very much involved in the region), reveal how much energy had to be put into the issue, which in tangible terms boils down to the exchange of plates, stamps and e-mail footers.

The countries of the region perceived the agreement as a positive signal. Bulgarian Prime Minister Boyko Borisov had refused even to meet the Macedonian President Ivanov when he announced his refusal to ratify the agreement. The approval was not received, however, as a signal to resolve the remaining disputes in the region. Moreover, in Albania fears were expressed about arousing Greek appetite for the so-called bilateralization of Albanian-Greek disputes in the context of negotiations with the EU. This is a situation when a country that is already a member of the Union starts to bind the integration process to bilateral issues with a candidate. An example of such an attitude in earlier years was Slovenia's placing conditions on Croatia's accession because of their border dispute. At present, Croatia, as a member of the EU, is showing a similar attitude towards Serbia and Bosnia and Herzegovina.

The efforts undertaken by both countries, supported by the international community reveal how much energy had to be put into the issue, which in tangible terms boils down to the exchange of plates, stamps and email footers.

The end of the Greek-Macedonian dispute was unequivocally welcomed by Western countries. For the European Union, this is not only a good thing in itself. It showcased to the other countries in the region the hope of

obtaining a spillover effect on other disputes, headed by the Kosovar-Serbian conflict. Permanent stabilization of the security situation in the Western Balkans is necessary in order to fill a geopolitical gap within the European Union. In addition, on a wider international forum, it demonstrates the continuing attractiveness of the European integration path, for the sake of which the candidate countries are ready not only to embark on demanding reforms, but also to resolve important image issues. Meanwhile, China, Arab countries, Turkey and Russia are ready to step up their engagement in the Western Balkans.

Moscow Consequently Torpedoed the Agreement

Moscow in particular was the main target of this message. Officially, it also supported the conclusion and implementation of the Prespa Agreement. In reality, however, it benefited from the instability created by the very existence of the Greek-Macedonian conflict. Russia would like to see the Balkans as a sphere of its influence, and is certainly against the inclusion of the six Western Balkan countries in NATO and the EU. The failed coup d'état in Montenegro in autumn 2016 and the country's accession to NATO confirmed the weakening of Russian influence in the region.

The end of the Greek-Macedonian dispute was unequivocally welcomed by Western countries. It showcased to the other countries in the region the hope of obtaining a spillover effect on other disputes, headed by the Kosovar-Serbian conflict.

Moscow consequently torpedoed the conclusion of the agreement, and its actions including recruiting an army of Internet trolls in the pre-referendum campaign. In Greece, it reached for instruments which led in July 2018 to the expulsion of two Russian diplomats by Athens (a few months earlier one diplomat was also expelled by Macedonia in response to an attempt to poison Sergei Skripal). This was an unprecedented cooling down in the relationship between these two traditionally friendly countries. Moscow, unable to block the agreement, began to play at delegitimizing it. It criticized it as “an artificial change of the name of the state” or “an externally imposed process”. In order to weaken it further in the eyes of Macedonian nationalists, it stressed the role of Albanian MPs in the ratification of the agreement.

Russia was right about one thing. The change of name made the NATO accession process much faster. On 6 February 2019, Macedonia signed the accession agreement without even waiting for the Prespa Agreement to formally enter into force. Zaev's policy of normalizing relations with neighbors brought the expected results: in February, NATO's neighbors, Albania, Bulgaria and Greece, were the first to ratify the act session act. By the end of May, eight more Alliance members had done so. As a result, North Macedonia will most likely become a full member of NATO by the end of 2019.

China and Russia Are Waiting for the EU's Failures

From the point of view of the average Macedonian, membership in the European Union is much more important. But here the situation is not as clear-cut. There is some confusion on the part of some EU Member States. In accordance with the Union's intentions, North Macedonia has taken a very specific step, which should be met with an equally specific response. Although EU representatives, headed by Federica Mogherini, recommend opening accession negotiations with North Macedonia and Albania (with Serbia and Montenegro they are already open), some Member States, headed by France, are clearly unwilling to do so. This is justified by the reluctance of EU societies to further enlargement of the community, which is strengthened by the image of Bulgaria and Romania, judged to have been prematurely accepted. Albania is in a similar position and has also made significant progress in reforms (including in the area of the judiciary).

Moscow, unable to block the agreement, began to play at delegitimizing it. It criticized it as “an artificial change of the name of the state” or “an externally imposed process”.

For Macedonians, the Prespa Agreement means a significant act of goodwill and sacrifice on the road to Euro-Atlantic structures. They agreed to concessions on an issue as elementary for every community as their own name and identity, which is treated as a painful, but pragmatic price to pay for the possibility of accession to the European Union. They confirmed this move on 5 May 2019 by electing Stevo Pendrakovski from the SDSM as President by a majority of 53.6%. His competitor, Gordana Siljanovska-Davkova (VMRO-DP-MNE), calling for a repeat of the referendum and the restoration of the old state name, convinced, however, 46.4% of Macedonians to vote for her.

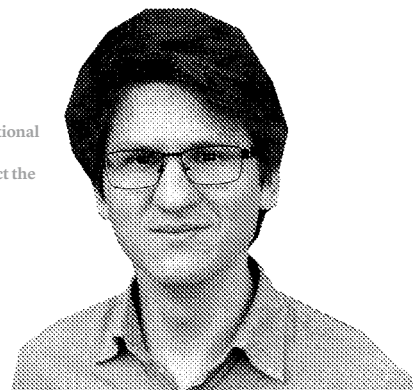
Failure to open negotiations with Skopje and Tirana relatively quickly would be a mutual failure. In the case of the candidate countries, it would mean halting or even reversing reforms and dampening the current pro-European attitudes of their societies and governments. It would also be a signal to current and future governments that the Union is not a credible partner keeping its word. Explanations stating that accepting two countries the size of Warsaw would exceed its absorption capacity would show that the Union is simply a weak organization.

Failure to open negotiations with Skopje and Tirana relatively quickly would be a mutual failure. It would also be a signal to current and future governments that the Union is not a credible partner keeping its word.

Undoubtedly, China and Russia are waiting for this to happen in order to be able to fill the geopolitical void and demonstrate the superiority and greater attractiveness of their development model.

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The Age of De-modernization

And it was all supposed to be so simple—back in the 1990s it seemed history had ended and humanity had found its final, most perfect possible, form of organization—a liberal one combining the free market and parliamentary representation; it would just gradually spread all over the Earth encompassing all humankind.

The end of the Cold War, with the complete and precipitated collapse of the Soviet Union, fitted very neatly with what was the dominant mindset among the main stream of development studies, namely the modernization theory. After all, it had been arguing for many decades that the West as the most advanced part of the world provided a developmental blueprint for the rest of humanity that only needed to follow this ready-made manual of modernity to gradually arrive in the paradise of capitalist opulence. Sometimes, as was the case with Walt Rostow's idea of stages of economic growth, it was even supposed to take place in precisely defined and determined steps: traditional society, preparations for a modern take-off, the take-off itself, the gradual progress towards maturity, and maturity itself represented by mass consumption.¹

If a museum of intellectual delusions of the twentieth century is ever constructed, a copy of Francis Fukuyama's *The End of History* will surely occupy a prominent place in it. It should stand high at the very apex of the room called "Modernization Theory", closing the perspective opened by another once seminal and currently mostly forgotten book: *The Passing of Traditional Society* by Daniel Lerner.² That scholar of the Middle East believed he had found a concrete incarnation of the abstract Hegelian idea of universal history in the case of the modernization of Turkey that plays the main role in his dissertation. The country of Mustafa Ataturk did seem to be an ideal candidate for that role as its liberal elites embarked on the mission of modernization-via-imitation already in the second half of the nineteenth century. They initially decided to model their country after France, hence their uncompromising, almost Jacobin, attitude towards religion at the time.

1) W. W. Rostow, *The Stages of Economic Growth*, Cambridge University Press, 1960.

2) D. Lerner, *The Passing of Traditional Society. Modernizing the Middle East*, The Free Press, 1958.

If a museum of intellectual delusions of the twentieth century is ever constructed, a copy of Francis Fukuyama's *The End of History* will surely occupy a prominent place in it.

After France, however, lost the war with Prussia in 1871, they turned their admiration to the new *de facto* hegemon of continental Europe—Bismarck's Germany. Lerner's book describes how Turkey changed its institutions, politics and society to imitate Europe in order to become something like the France or Germany of the Middle East, lagging in time behind its Western original by around half-a-century. Thinking along the same lines as Walter Rostow, Lerner believed that Turkey would repeat in stages the European scenario of enlightenment and progress and would become after some time just like France: traditional society would pass away—as the very title of the book communicates—and would give place to rational, emancipated and standardized modernity.

The Peripheries Seem to Reveal the Future of the Center

Looking back at those visions from today's perspective, it is difficult not to marvel at the incredible irony of history. One of the key elements of the modernization of Turkey, a true synecdoche and a key point of political debates, has been the questions of *fanshon*—the scarf that women wear to cover their heads in public space. The Kemalists have been consistently eradicating this tradition in an attempt to loosen the grip of religion on public life and make

Turkey more like France. Half a century has passed since Lerner formulated his brave prediction and if anything, rather the opposite has happened: France has become like Turkey. The question as to whether women should be allowed to cover their heads in public spaces, which was hardly an issue in the 1960s, has moved to the very center of French political debates and is now one of the most discussed issues of public policy. Not only has traditional society not given way to the modern one in Turkey, but France, once the very avant-garde of secularization has been de-secularized.

The German sociologist Ulrich Beck, wrote about “the latinoamericanization” of labor relations in Europe and the US. He pointed out the fact that both the job market and the labor condition in what used to be welfare states increasingly resemble the ones known from Latin America.

There are other disturbing developments that directly reverse the assumptions of modernization theory: the peripheries seem to reveal the future of the center, not the other way around. One of the most important is the precarization of labor relations in the core of the capitalist world-system. It was already diagnosed in the late 1990s by the German sociologist Ulrich Beck, who wrote about “the latinoamericanization” of labor relations in Europe and the US. He rightly pointed out the fact that both the job market and the labor condition in what used to be welfare states increasingly resemble the ones known from Latin America.³ The term “precarization” was not widely used at the time, but it is precisely what we are dealing with. One can see it as a kind of de-modernization of labor relations that makes the center look more and more like the peripheries. It also is a de-modernization in temporal terms of reversing the progress achieved in the nineteenth and twentieth centuries thanks to the struggles undertaken by labor against extreme forms of exploitation.

The Neo-liberal Turn has Provoked a Constant Erosion of the Public Sector

Similar phenomena have been observed by urban anthropologists. The anthropologists John Comaroff and Jean Comaroff in their book *Theory from the South: Or, how Euro-America is Evolving Toward Africa* point to growing inequalities, a crumbling public infrastructure, declining social services and

other phenomena that make the cities in the so-called developed world look increasingly like the ones in post-colonial countries.⁴ The economists Larry Elliott and Dan Atkinson go even so far as to call London “Lagos on Thames” and claiming that the UK is heading towards a “third world economy”.⁵ A kind of recent addition to the list, explored so far, is the ongoing privatization of the police force:⁶ as cuts in public spending provoke a decline in the law-enforcing capacity of “official” police, the gap in the security supply is filled by private companies offering their police-like services. This is the kind of development that took place in the post-Soviet bloc already in the 1990s—private police-like security operators have become a widespread element of Eastern European countries. There are around one hundred thousand police officers in Poland today and an estimate of two or even three hundred thousand police-like private security workers.

The latter example is utterly interesting as it allows us to grasp the mechanism of de-modernization: it is not a cultural phenomenon, but rather a by-product of recent developments within the capitalist economy, namely—of the neo-liberal turn that has provoked a constant and systematic erosion of the public sector and destruction of various welfare mechanisms that used to offer some kind of relief to the most exploited social classes (just think of what has happened to the NHS in the UK). This neoliberal assault on the welfare state has directly affected the relationship between the center and the (semi) periphery of the capitalist system when it comes to what was described in the twentieth century as modernization, i.e. a gradual move towards social, political and cultural arrangements that regulated western societies within the framework of modernity and consisted of, basically social equality—or to put it in different terms, empowerment of the oppressed—liberal political values and individual emancipation.

The mechanism of de-modernization: is not a cultural phenomenon, but rather a by-product of recent developments within the capitalist economy, namely—of the neo-liberal turn.

Modern Welfare was Generated by Struggles Against Capitalism

To grasp the nature and sense of that shift, we need to realize what brought this very particular kind of social organization to life in the first place. The error made by scholars such as Rostow, Lerner or Fukuyama and other adepts

3) U. Beck (2000), *Brave New World of Work*, Hoboken 2000, p. 21.

4) J. Comaroff, J. Comaroff, *Theory from the South: Or, how Euro-America is Evolving Toward Africa*, Paradigm, 2012

5) L. Elliott, D. Atkinson, *Going South: Why Britain Will Have a Third World Economy by 2014*, Palgrave Macmillan, 2012.

6) J. Harris, *The Growth of Private Policing Is Eroding Justice For All*, “The Guardian”, 10 Sep 2018.

of modernization theory stems from their conviction that the liberal, opulent, middle-class based societies of the West—the ones organized according to the model of mass consumption in Rostow's model—are products of capitalist development as such. A more detailed historical account presents a picture that is more troubling for modernization theory: modern welfare was not so much generated by capitalism, but rather by struggles against it that forced the propertied classes to share wealth through the mechanisms of a redistributive welfare state in very peculiar conjuncture of the mid-twentieth century. It would not have happened without the October revolution that demonstrated a clear possibility of radical overturning of the existing order and of bringing the forces of capital under the check of the state apparatus.

Redistribution in the center was structurally possible because its wealth had been amassed in a long history of global colonial accumulation.

My goal here is not to praise the Bolsheviks—they were a very problematic formation and a stream of left intellectuals from Tony Cliff to Guy Debord systematically criticized Soviet Russia from the progressive standpoint.⁷ It is, however, a well established fact that none other than John Maynard Keynes closely followed both the events of the October revolution and the writings of Lenin, rightly believing that capitalism had to reform itself in order to avoid the same course of events reproducing itself in the West.⁸ Redistribution and welfare were supposed to mitigate the excesses of free markets and thus serve as capitalism's security valve letting the steam of workers' frustration off to put it in colloquial terms. It was that redistribution—rather forced by labor's struggles than naturally and voluntarily created by the capitalist class—which created twentieth century middle class based societies.

The Wellbeing of Some had to be Bought at the Expense of Others

But—and here is the final catch—as it is always the case within capitalism, the wellbeing of some had to be bought at the expense of others: redistribution in the center was structurally possible because its wealth had been amassed in a long history of global colonial accumulation. That planetary division of labor has neatly continued in the twentieth century in the division between the center and peripheries of the capitalist world system.⁹ It has served many purposes, allowing for the export of the most toxic results of capitalist

accumulation from the center to the peripheries: let them work for a dollar a day, die from pollution—like in Bhopal in India—or perish under the rubble of poorly maintained factories—as was the case at Rana Plaza in Bangladesh—and suffer the consequences of climate change devastating the tropics while we can safely relax on a fat pension in our countryside houses. We will at the same time lecture them on how to modernize and develop their economies so after many years of hard labor they can also be like us. And let us call all that “modernization theory”, so it sounds nice.

Neoliberalism, by destroying the welfare state in the center, demolished that liberal fantasy making the center look more and more like peripheries: precarious working conditions, vast social inequalities, widespread violence, lack of reliable public services and infrastructure, rampant obscurantism, laughable and at the same time dangerous populists—all that diseases that are gradually consuming our modern and liberal societies have been very well known in the postcolonial, peripheral zone of illiberal and—supposedly—modernizing states. Now, if anything, it is rather the West that is de-modernizing, leaving behind what seemed to Fukuyama and many other modernization theorists to be the final and irreversible achievement of humanity. There surely is an alternative to the liberal-democratic order: the one of primordial tribalism consuming us continuously from the very inside of our own societies.

Now, if anything, it is rather the West that is de-modernizing, leaving behind what seemed to Fukuyama and many other modernization theorists to be the final and irreversible achievement of humanity.

Modernity can be saved from the Reactionary

De-modernization

So, is it the end of the idea of modernity and progress? That is not the conclusion I would like to draw from this essay. I am, personally, deeply attached to the ideals of the Enlightenment, modernity and progress and I have no doubts humanity is capable of putting them into action. I therefore believe modernity can be saved from the reactionary de-modernization we are currently going through. It can only be saved, however, as a yet-still-empty signifier, a kind of regulatory idea for humanity as such not belonging to any particular tradition or continent.

7) T. Cliff, *State Capitalism in Russia*, Pluto Press, 1974 and G. Debord, *The Society of Spectacle*, Rebel Press 1994.

8) A. Negri, *Keynes and the Capitalist Theory of the State*, in M. Hardt & A. Negri, *Labor of Dionysus: A Critique of the State-form*, The University of Minnesota Press 1996.

9) I am using these concepts following the sociology of Immanuel Wallerstein. See I. Wallerstein, *The Essential Wallerstein*, The New Press 2000.

What has inevitably ended is the identification of modernity with a given part of the world-like the West-belonging to its one and only cultural tradition. It is, of course, very traumatic for the West. As Slavoj Žižek rightly argued, the admiration that everyone, especially Eastern Europe, expressed towards the West served as a source of enjoyment to its citizens. The gaze of the mesmerized non-Western Other provided Westerners with a reason to believe that they were not just engaging in a mindless consumerist orgy, but rather leading the world in the very important endeavor of modernization. Now with populists everywhere showing the liberal, westernized elites the middle finger—and still winning the elections as was the case with Law and Justice (PiS) in Poland in May 2019—it is increasingly difficult for these elites to continue to live in that elitist and paternalistic illusion. Hence their fundamental confusion. The good news is they do not own modernity and they were not, as I tried to show, the creators of its benefits. In order to save modernity, we have to look for its other, minor, non-Western, subaltern, hitherto repressed streams and draw from them while the liberal mainstream is turning into a thoughtless desert of resentment and nostalgia. And we have to keep on struggling as all that has been good in modernity originated from social struggles. It is that or barbarism. Again.

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What Should the Economic Strategy Be in the V4 Countries?

ASPEN.REVIEW
MAGDOLNA CSATH

ECONOMY

V4

HUMAN RESOURCES

CONVERGENCE

GROWTH

Instead of concentrating on the “middle-income trap” idea, they should instead emphasize sustainable development based on enhancement of knowledge and human resources.

Although the Visegrad countries (V4) are continuously improving their economic indicators, there is an increased focus of attention on whether these good macro data are sufficient for achieving sustainability. Research findings highlight the danger of V4 countries becoming stuck in the so-called middle income trap. Skóra (2017) explains the problem the following way: “The competitive advantage in the region has mostly been achieved through a cheap and qualified labor force, tax exemptions and more flexible labor rights. As a result, the economic strategy that makes the V4 countries attractive for business is simultaneously holding them hostage in the middle-income trap.”

“The economic strategy that makes the V4 countries attractive for foreign business is simultaneously holding them hostage in a middle-income trap.”¹

Ehl (2016)¹ warns that “the Central European policy of using cheap labor as an instrument of growth is reaching its limit.” Other authors talk about the slow convergence of the V4 countries to the income level of the high income countries in the EU. Convergence is measured by GDP per capita (at PPP) as a percentage of the EU28 average.

Slow convergence is also explained as a sign of the middle income trap. The term “middle-income trap” was originally coined by Gill and Kharas (2007)² to refer to the marked slow-down seen in South-East Asia’s economic growth following the 1997–98 financial crisis. The term “middle-income trap” has recently been referred to as a slow-down in growth observed when an economy approaches the upper/middle-income level.

In accordance with Eichengreen et al. (2013),³ the middle-income trap means that after experiencing fast GDP growth and reaching middle-income status, economies follow a lower trajectory, which precludes them from achieving high-income levels.

“Society can only move forward as fast as it innovates. It can only provide lasting prosperity if it makes the most of the knowledge, entrepreneurial spirit and productivity of its people.”²

It is apparent that the middle income trap idea is basically concerned with convergence based on GDP growth as the most important indicator of economic success. In economies, however, where typically the lowest value added phase of the global value chains of foreign business are located in order to capitalize on cheap labor even a higher GDP growth may not be enough to avoid middle income trap. One reason is that a significant proportion of GDP can be repatriated.⁴

Competing based on low taxes and cheap labor does hinder, however, economic transformation to “highroad”, knowledge-based competitiveness, which needs considerable investments into human capital, innovation and entrepreneurship.

Rodrik’s (1999)⁵ warning that FDI⁶ brings no special benefits to host country development in comparison with other kinds of investment is very relevant in this context.

1) Skóra, Maria: The V4 Lack of Shared Vision for Social Europe. EU Forum. 14 Nov. 2017.

2) European Innovation Scoreboard 2018. European Union 2018.

3) Ehl, M: Falling into the Middle Income Trap. Aspen Review. Issue 02/2016. Aspen Institute. Central Europe.

4) Gill, I.S., Kharas, H. (2007): Successful Growth in Middle Income Countries: Will East Asia Show the Way Again? Working Paper No. 121. April 2007 ECES.

5) Eichengreen, B. Park, D., and Shin (2013), “Growth Slowdowns Redux: New Evidence on the Middle-Income Trap.” NBER Working Paper, No. 18673.

Growth, Convergence and Value Chains in the V4 in an International Perspective

Figure 1 illustrates what was said in the introduction. The average economic growth during the 2014-2018 time period was higher in the V4 countries than in Austria and Germany.

GDP growth average and the convergence indicator

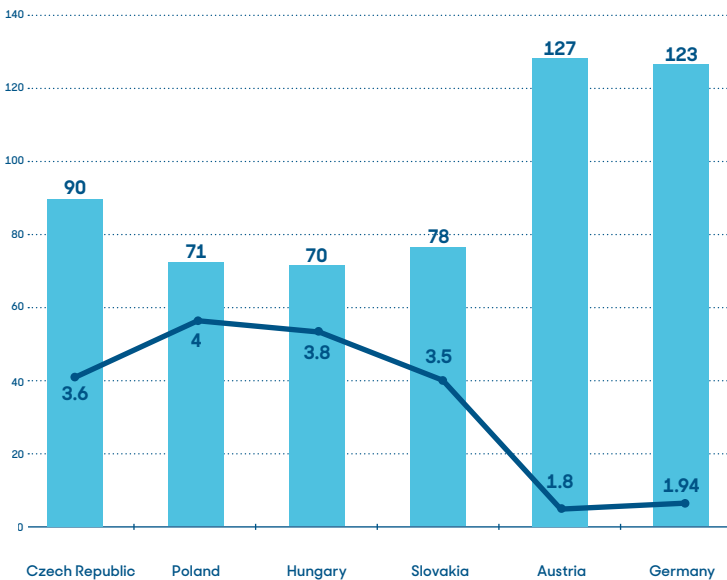


FIGURE 1: GDP growth average (2014-2018) and the convergence indicator in 2018. Source: Eurostat

In spite of the high growth numbers, convergence—measured by GDP per capita (at PPP) as a percentage of the EU28 average—has not been fast enough. The closest to the average is the Czech Republic with its 90 percentage value. This is still 37% lower than the Austrian value.

A basic reason can be found in Figure 2, which demonstrates the value chain positions of the V4 countries.

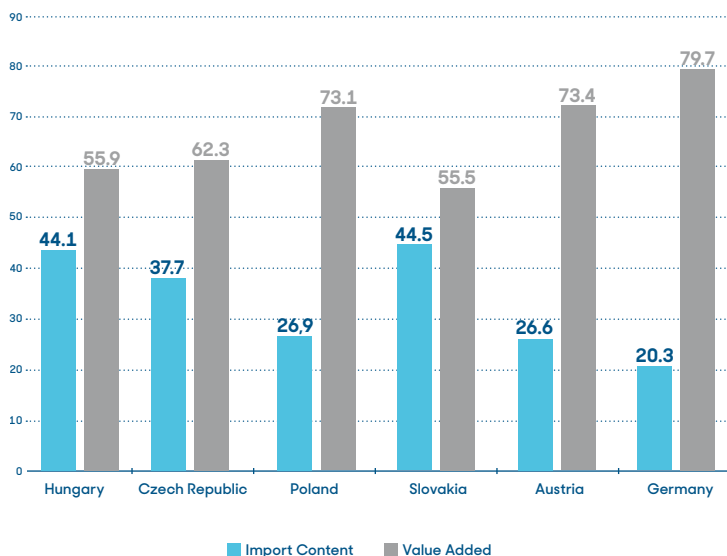


FIGURE 2: Import content of export and domestic value added in gross export (2016, %). Source: OECD

While the locally added new value in export in 2016 was 79.7 percentage in Germany it was only 55.5 percentage in Slovakia. The import content of export, in contrast, is only 20.3 percentage in Germany, while it is 44.5 percentage in Slovakia. The low value added in export correlate with the low value added in manufacturing which constituted 31.7 percentage of the gross value added in 2017 in the Czech Republic, 26.6 percentage in Slovakia, 26.4 percentage in Hungary and 27.2 percentage in Poland (the EU average is 19.6%)⁷. The V4 countries' GDP growth is therefore heavily dependent on the local assembly line operations of foreign companies. This situation creates economic vulnerability. Because of this higher GDP, growth alone does not help the V4 countries move to a higher value added economic structure. To avoid the middle-income trap, sufficient GDP has to be allocated to factors which contribute to developing knowledge-based economies. Among those factors the most important ones are government expenditure into R&D, education and health.

Competing based on low taxes and cheap labor does hinder, however, economic transformation to “highroad”, knowledge-based competitiveness, which needs considerable investments into human capital.

How much is invested in R&D, education and health in the V4 countries in an international comparison?

R&D Innovation

General government expenditure in the V4 countries is about 40-47 percentage of the GDP on average. This expenditure could finance the modernization of the economic structure, and could also be spent on infrastructure development, or on strengthening the local SME sector.

Figure 3 illustrates the total government expenditure on economic affairs (Columns) along with government expenditure on R&D. The competitiveness rankings are also highlighted.

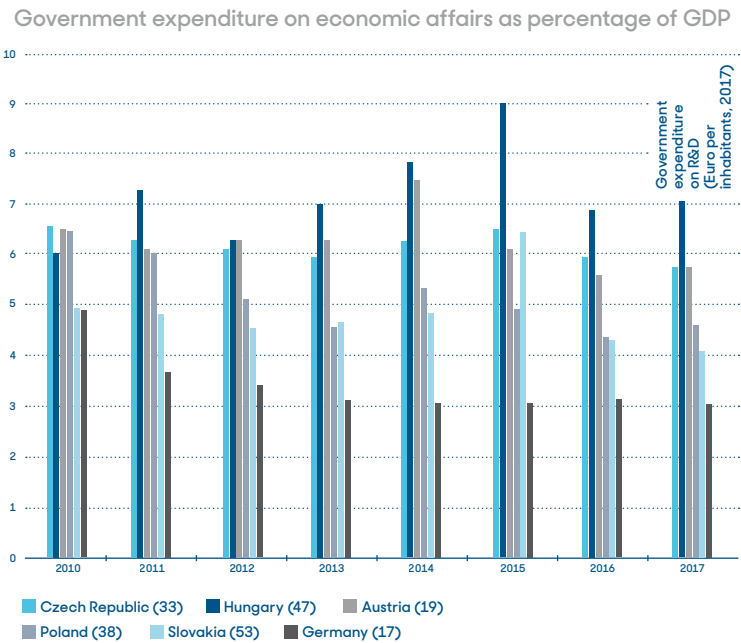


FIGURE 3: Total government expenditure on economic affairs as a percentage of GDP (2010-2017), on R&D (Euro per inhabitant) and competitiveness positions (IMD 2019). Source: Eurostat.

The following conclusions can be drawn from Figure 3:

- public/government money spent on strengthening the economy does not correlate with the competitiveness rankings. Hungary spends the most on it, for example, but it is still in the second worst competitiveness position.
- the correlations are stronger between government expenditure on R&D

6) In the case of Hungary, in accordance with the Central Statistical Office data, 14% of the GDP leaves the country annually on average due to repatriation.

7) Rodrik, D. (1999): The New Global Economy and Developing Countries: Making Openness Work. Washington: Johns Hopkins University Press for the Overseas Development Council.

8) Foreign Direct Investment.

9) Based on Eurostat data.

and competitiveness rank.

- It is also important to note that the German and Austrian government spend a great deal more on R&D, which is obviously related to the higher local value added illustrated on Figure 2.

Innovation, as research findings prove, is especially important not only for supporting economic growth, but also for securing sustainable development, which also strengthens competitiveness.

The total R&D expenditure of all sectors (government and business) is illustrated in Figure 4 measured by Euro per inhabitants on the 2010–2017 time horizon. The numbers in brackets next to the country names demonstrate the position of the countries on the European Innovation Scoreboard list (2018).

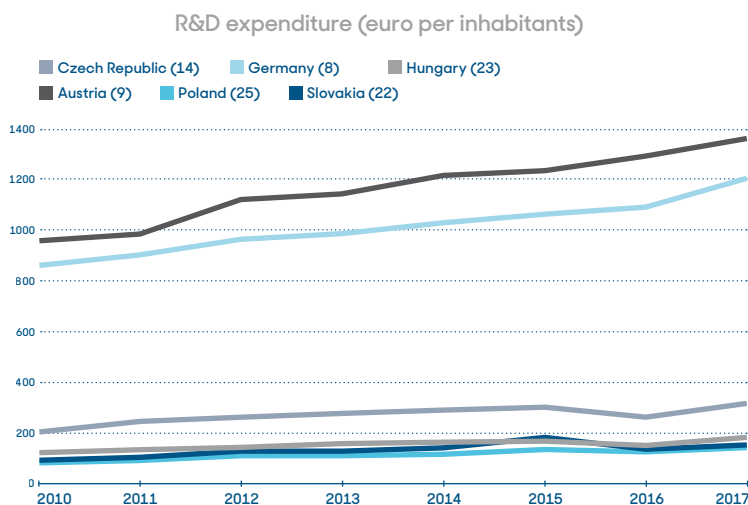


FIGURE 4: R&D expenditure (all sectors, Euro per inhabitants) and Innovation Scoreboard position (EU 2019). Source: Eurostat.

The Czech Republic has the best position (13) and Poland the worst one (25) on the EU innovation rankings from among the V4 countries.

As far as spending is concerned, Poland spends the least on R&D (including government & business spending). Austria and Germany spend the most, and they are the most innovative in the group of countries examined.

Adult education would be an absolute necessity for the V4 countries, especially because of the current dominance of assembly line jobs. In accordance with OECD forecasts, these types of jobs will be robotized in the coming years.

Education

Education is also key for transforming economies into knowledge-based ones. Adult learning is especially important, as moving to a higher value-added economic structure needs the upgrading skills of the workforce, and as a matter of fact that of the entire population. This is especially important for acquiring new digital skills.

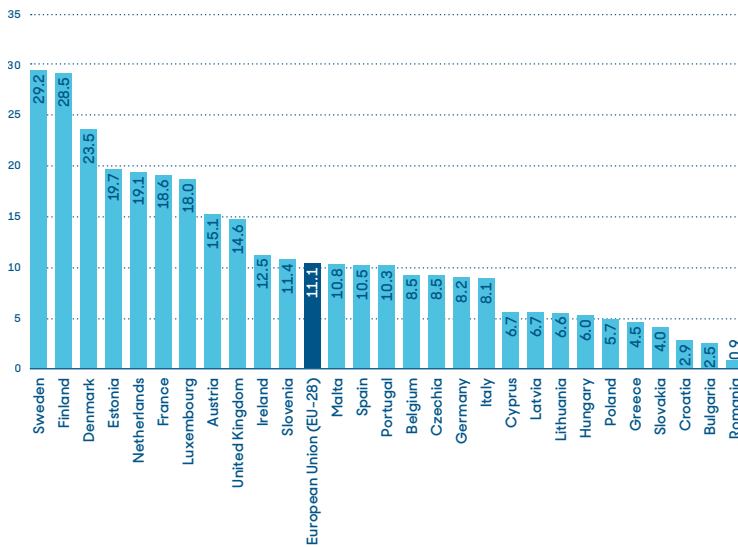


FIGURE 5: Adult participation in learning, 2018 (% of population aged 25–64). Source: Eurostat

The 2018 Eurostat data (Figure 5) indicate the problem of low-level participation in adult learning (% of population aged 25–64)⁸ in the V4 countries compared to this ratio in the most competitive countries, such as Sweden (29.2%) Finland (28.5%) and Denmark (23.5%). Among the V4 countries the data for the Czech Republic is the best (8.5%), but even this data is lower by 2.6% than the EU28 average (11.1%).

The lowest participation rate can be found in Slovakia (4.0%) which is the fourth lowest rate in the EU. Adult education would be an absolute necessity for the V4 countries, especially because of the current dominance of assembly line jobs. In accordance with OECD forecasts, these types of jobs will be robotized in the coming years, so employees will need new skills to remain employable. Digitalization will also require new knowledge throughout society. It is also worth mentioning that the V4 countries perform poorly on the Digital Economy and Society Index (DESI).⁹

The V4 countries' GDP growth is therefore heavily dependent on the local assembly line operations of foreign companies. This situation creates economic vulnerability.

The DESI index measures relevant indicators on the digital performance of EU countries. Based on the composite indicator, the Czech Republic is in the 18 position, Slovakia the 21, Hungary the 23 and Poland the 25.

Two further important knowledge indicators are graduates in tertiary education and at the doctoral level in science, engineering, manufacturing and construction. The availability of this type of knowledge is crucial for a country for moving toward a knowledge based economy, as these types of capabilities and skills are important for innovation and for modernizing the economic structure.

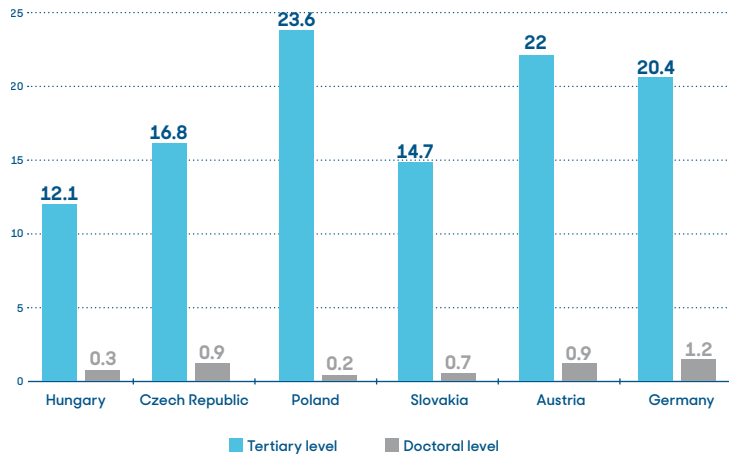


FIGURE 6: Graduates in tertiary education and at a doctoral level in science, engineering, manufacturing and construction per 1000 of population aged 20-29, and 25-34 (2017). Source: Eurostat

Figure 6 shows a backward position for these indicators in three of the V4 countries. Poland is doing well in terms of graduates, and the Czech Republic demonstrates good results for the doctoral level.

Finally, sustainability requires good health and a growing life expectancy and without it societal sustainability and a good quality labor force cannot be secured.

Potential years of life lost due to premature death is illustrated for several EU countries in the year 2016 in Figure 7. This is an OECD indicator which measures premature mortality, providing an explicit way of weighting deaths occurring at younger ages, which may be preventable. The calculation of Potential Years of Life Lost involves summing up deaths occurring at each age and multiplying this with the number of remaining years to live up to a selected age limit (age 70 used in OECD Health Statistics).

10) The indicator measures the share of people aged 20 to 64 who stated that they had received formal or non-formal education and training in the four weeks preceding the survey.

11) DESI 2019. EC.

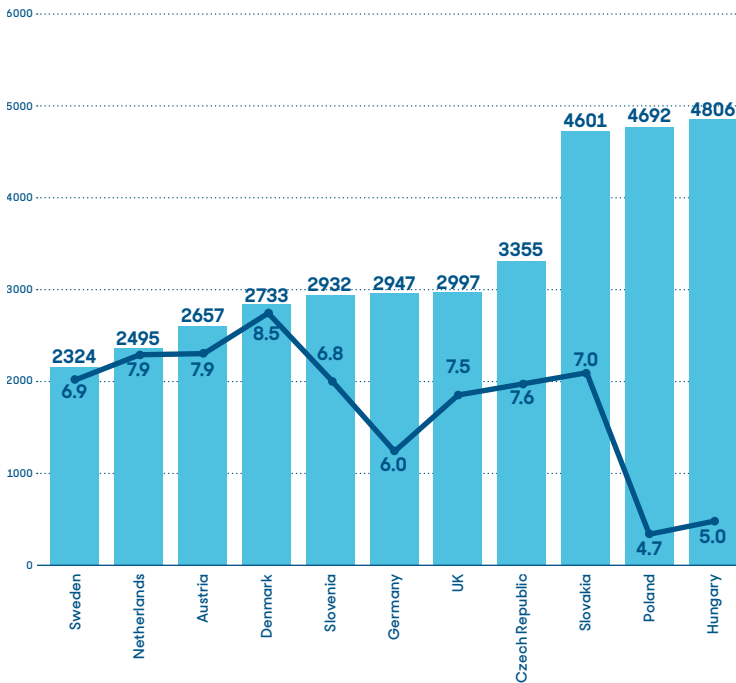


FIGURE 7: Potential years of life lost due to premature mortality in certain EU countries (2016). Government expenditure on health as an average percentage of GDP (2010-2016). Source: OECD

The dots inside the columns represent government expenditure on health as an average percentage of GDP for the 2010-2016 period.

Instead of focusing on the “middle-income trap” idea, they should instead emphasize sustainable development based on knowledge and human resources enhancement.

In accordance with the data, V4 countries are losing comparably more human resources due to premature death than the more developed countries of the EU.

It can also be observed that lower level health expenditure seems to correlate with the larger lost years data in the case of Poland and Hungary. Health-care expenditure is not the only thing, however, which influences life expectancy. It is obviously one key influencer especially if a country, such as Hungary, systematically and continuously underfinances health-care.

Summary, conclusions

Other indicators could also be analyzed. Further research would be helpful to better outline the best and fastest ways for V4 countries to avoid the middle-income trap.

Based on the data and their relationships analyzed in this paper the following can already be concluded:

- GDP related indicators alone cannot explain objectively the success of convergence in the case of the V4 countries because of their strong reliance on foreign value chains
- GDP is not a good indicator for development, as it contains repatriated profit.
- Concentrating too much on GDP growth may actually “eat up” chances for further development.
- Convergence is not a good vision either: instead of a greater leap, a Schumpeterian “disruption” in economic policy is needed, which would help the V4 countries turn around, and stop competing on “cheapness”.

V4 countries need additional resources for managing change towards a knowledge-based economy based on innovation and improved human resources, which is only possible if they invest more in innovation and human capital.

They do not currently perform well in terms of innovation and human investment. Strong improvement is needed otherwise V4 countries will not

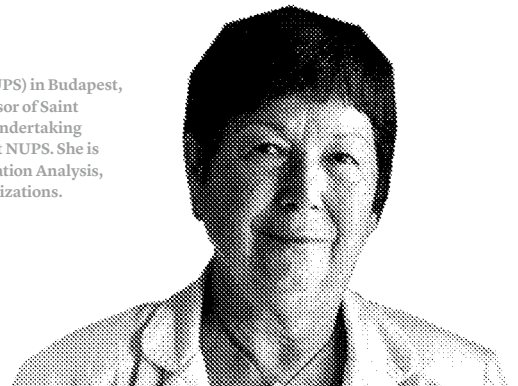
be capable of moving to a more advanced position economically and socially. Instead of focusing on the “middle-income trap” idea, they should instead emphasize sustainable development based on knowledge and human resources enhancement. Better institutional governance and more effective and efficient spending of public money would also contribute positively to the transformation process.

Is it therefore the the time to act with a long term view.

J.F. Kennedy put it as follows: “The time to repair the roof is when the sun is shining.”

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Media Freedom in Central Europe: One Step Forward, Two Steps Back?

Central Europe readies itself to commemorate the thirtieth anniversary of the fall of Communism. Looking, however, at the contemporary state of some of the key democratic institutions across the V4 countries, particularly at the media, there is not much of a reason to celebrate.

Central Europe readies itself to commemorate the thirtieth anniversary of the fall of Communism—a crucial point in the history of the region which opened the doors to political and economic transformation to democracy and a free market system, and set the course towards the European integration, successfully accomplished fifteen years ago. Looking, however, at the contemporary state of some of the key democratic institutions across the V4 countries, particularly at the media, there is not much of a reason to celebrate, as many achievements of the previous decades have been significantly undermined by the rise of the illiberalism and authoritarian style of governance that has affected much of the region. And while fingers have been conventionally pointed at Hungary and Poland, as the main examples of the process of democratic backsliding, in many areas the two other countries are not too far behind on this slope—and the troublesome situation of media freedom and pluralism is certainly among them.

Hungary and Poland: the Illiberal Trendsetters?

Although some conservative politicians and pundits in other V4 countries have attempted to marginalize the rapidly declining journalistic freedom in Hungary—including the Czech ex-minister of Foreign Affairs, the newly elected MEP Alexander Vondra, who recently claimed in an interview that Hungary is “just a normal democratic country”—the grim state of the Hungarian media at the end of the third decade since the transition is visible to the naked eye. Since 2010 when his party first came to power, the Hungarian Prime Minister Viktor Orbán has gradually managed something extraordinary, and reminiscent of the pre-1989 era, namely to bring almost the entire media system under his government’s control.

The first step towards achieving that goal was the changing of media legislation, which among other measures intended to curtail media independence involved creating a new regulatory authority—the Media Council—whose members were all appointed entirely by Fidezs. The consolidation of different state media into one news organization (MTVA) and their transformation into a tool of government propaganda (further secured by replacing key personnel in the management and editorial room by party loyalists) was the second step that followed soon after.

Orbán has gradually managed something extraordinary, and reminiscent of the pre-1989 era, namely to bring almost the entire media system under his government’s control.

This was followed by economic pressures—distributing state advertising in a way that favored government-friendly media outlets, and bled dry those that continued to be critical to Orbán. According to the Hungarian researchers Attila Bátorfy and Ágnes Urbán,¹ the share of state advertising on total advertising revenues in the newspaper market grew progressively higher over the course of the last several years, up to 26% in 2017, making it a substantial source of income in a market segment struggling with declining circulation and advertisers’ shift to digital platforms. Directing advertising expenditures towards media companies with ties to the government has therefore become a form of state subsidies, distorting the market and driving many independent media out of business.

1) Attila Bátorfy & Ágnes Urbán (2019) *State Advertising as an Instrument of the Transformation of the Media Market in Hungary*. Forthcoming in *East European Politics*.

This practice has not just been limited to the newspaper market—as Bátorfy and Urbán have demonstrated, the politically motivated distribution of state advertising has been observed in the online media segment as well, with the pro-government website Origo.hu being allocated over 40% of all state online advertising between 2016-2017 following the purchase of the website by the son of the president of the Hungarian National Bank, while its closest competitor, the independent server Index.hu, saw its revenues from the state virtually disappear at the same time. The change of hands in Origo.hu in 2016 was part of a broader trend of media ownership changing hands from independent proprietors to domestic businessmen with personal connection to the government, which eventually led to the closure of several prominent legacy newspapers, most notably Népszabadság in 2016 and Magyar Nemzet in 2018.

Having secured an unrivalled dominance over the Hungarian media landscape, by a combination of legislative changes, re-allocation of economic resources and the transfer of private media ownership under the control of his cronies, the final trick that cemented Orbán's media hegemony was pulled in November 2018, when owners of nearly five hundred newspapers, magazines, broadcasters and websites “donated” them to the newly founded organization entitled Central European Press and Media Foundation, run by Gabor Liskay, a close ally of Orbán, with Fidesz party members seated on the Foundation's board. After this move, which was officially declared an event of “national strategic importance”, an estimated 90% of the Hungarian media is under Orbán's control; judging from this perspective, Hungary's 87th place on the most recent Reporters without Frontiers' World media freedom list appears perhaps even too merciful.

Directing advertising expenditures towards media companies with ties to the government has therefore become a form of state subsidies, distorting the market and driving many independent media out of business.

The story of the sharp decline in media freedom in Poland, now sitting at 59th place on the World Press Freedom Index—down 40 places only since 2015—is in many aspects very similar to Hungary. Shortly after the 2015 elections which brought to power the Law and Justice party

(PiS), the new government initiated the transformation of governance of public service media, starting by replacing the head of the public service television (TVP) by a former party member Jacek Kurski, and followed by substantial personal changes in the public broadcaster's editorial room, with more than one hundred journalists dismissed or having resigned since 2016. TVP has subsequently been turned into the mouthpiece of the government, synchronizing its news coverage with the PiS party agenda and constantly undermining the opposition; this has most recently been documented in the TVP coverage of the 2019 European Parliament election campaign which, according to an independent analysis published by the Bathory Foundation, "favoured the ruling party and omitted, downplayed, ridiculed or vilified the opposition parties".

Unlike in Hungary, however, Polish private media have not yet been captured by the government, which is why they remain a prime target of the government's attacks, especially the ones with foreign owners.

Unlike in Hungary, however, Polish private media have not yet been captured by the government, which is why they remain a prime target of the government's attacks, especially the ones with foreign owners. Having put them under substantial economic pressure by shifting the flow of state advertising—a move that has particularly harshly impacted the leading liberal daily *Gazeta Wyborcza* which saw its ad revenues from state companies slashed by 90%—the government has recently revived the plans for "repolonization" of foreign-owned media companies, an idea already floated out several years ago but this time adopted by the Deputy Prime Minister Jarosław Gowin as a pledge for the upcoming 2019 Parliament Election campaign.

While it is yet unclear how exactly the Polish government would go about getting rid of the pesky proprietors whose media are seen as the key platforms for the opposition—among those the US-based Discovery which owns the channel TVN, or the Swiss-German Ringier Axel Springer that publishes *Newsweek* as well as the leading tabloid *Fakt*. it is obvious that the resurfacing of these ideas before the elections is part of the systematic attempt to increase hostility against these media and intimidate the journalists working for them.

Slovakia and the Czech Republic: Shadows over Public Service Media

In both Poland and Hungary, media freedom has been significantly eroded, and a large part of the media outlets captured over the last several years, following very much the same illiberal playbook. A bird's-eye view on the situation in Slovakia and the Czech Republic, especially when relying on these countries' current ranking in the press freedom indices (35th and 40th in the World Press Freedom Index, respectively), might suggest that there is no risk of the Hungarian/Polish scenario being extended into these two media systems any time soon.

A closer look, however, reveals certain disturbing parallels, as well as other tendencies that threaten the already fragile state of media freedom and pluralism in both countries. The Slovak public service broadcaster RTVS has been perceived as getting under tighter government control in relation to some controversial decisions by the Director General Jaroslav Rezník, a man whose appointment in 2017 prompted criticism for his existing links with top politicians. The concerns proved justified when RTVS suddenly discontinued its flagship investigative program in January 2018, after several reports aired on the program that were critical of the government coalition.

The conflict of RTVS journalists with the management escalated in the months following the murder of the journalist Ján Kuciak (and his fiancée) in February 2018 when dozens of journalists signed an open letter to the management, accusing it of attempts to muzzle critical reporting and cosying up to those in power. This, in turn, has led to dismissals of several acclaimed reporters and the departure of many others, increasing fears about the future of independence and the ability of the broadcaster to abide by its watchdog role.

In both Poland and Hungary, media freedom has been significantly eroded, and a large part of the media outlets captured over the last several years, following very much the same illiberal playbook.

The recent ownership changes on the Slovak print media market have not exactly been reassuring either when it comes to the plurality and autonomy of Slovak journalism. In 2018, the daily Pravda came into the hands of the Czech Senator Ivo Valenta, publisher of the news server Parlamentní listy which is infamous for spreading anti-immigration propaganda and disinformation. The same year, the biggest-selling Slovak tabloid Nový Čas was sold

by Ringier Axel Springer to the Slovak businessman Anton Sikel, however, the ownership structure has been seen as non-transparent, with rumors circulating about the allegedly very good relationships between the supposed owner and Penta company, one of the largest players on the Slovak financial and media market, and notorious for its secret ties to government politicians, as revealed through the “Gorilla” scandal several years ago.

The recent ownership changes on the Slovak print media market have not exactly been reassuring either when it comes to the plurality and autonomy of Slovak journalism.

In the Czech Republic, public service broadcasters have been enjoying a more autonomous position vis-à-vis the government than their Hungarian, Polish or even Slovak counterparts, and generally have been considered a safe haven for independent, quality journalism—the opposite of many other mainstream media outlets that have been captured by local oligarchs, first and foremost by the Prime Minister Andrej Babiš whose company Agrofert owns the largest Czech media house Mafra. This has brought them, however, into frequent clashes with both the Prime Minister (whose business affairs have often been featured in investigative reports, particularly by Czech Television), as well as with President Miloš Zeman.

The increasing verbal attacks and rhetorical hostility against public broadcasters voiced by Babiš and Zeman—and by some other populist and radical right-wing actors—have recently been complemented by an arguably more efficient strategy for silencing critical reporting and constraining political independence, namely by using the government majority to safeguard control over the appointments of new members of the broadcasting councils. Several such appointments in the last year have only sparked public outrage, given not just the political affiliations of the new appointees but also their active involvement in the Czech disinformation scene dominated by websites often characterized by openly pro-Russian, anti-EU and illiberal attitudes. This tendency to entrust regulatory control over the public service media—most recently over the Czech Press Agency as well—to people who not only have little respect for public service broadcasting values but who advocate ideas incompatible with liberal democracy itself, is deeply troubling, and poses a risk of replicating the Hungarian model—perhaps not as suddenly but with no less efficient outcomes in the end.

Civil Society to the Rescue

Despite growing government pressures and hostility by populist political bodies, public service media can still rely on continuing audience support. In both the Czech Republic and Slovakia, public broadcasters have repeatedly been displaying the highest level of trust among news brands, as measured by the Reuters Institute's Digital News Report; interestingly, both Hungarian and Polish state broadcasters are on the opposite side of the same ranking, clearly indicating public disapproval of the broadcasters' subjugation to government's control. The Czech public and civil society in particular has shown an awareness of the importance of PSM independence for the survival of democracy itself, and a determination to defend them from politicization, most recently when Czech Radio dismissed the widely respected Director of its cultural channel Vltava—a decision widely interpreted as being politically motivated.

In both the Czech Republic and Slovakia, public broadcasters have repeatedly been displaying the highest level of trust among news brands, as measured by the Reuters Institute's Digital News Report.

The continuing demonstrations against Prime Minister Andrej Babiš, that have been filling up the Czech squares since March 2019, have been significantly driven by his perceived attacks on Czech Television, as well as by his ownership of multiple media channels. In Slovakia, the recent election of Zuzana Čaputová as President has electrified those who have not yet given up on the democratic and liberal future of the country, and on the political independence of its media which she is an outspoken defender of. Even in Poland, the government had to scrap the proposed law which would have restricted journalists' access to Parliament following mass protests that brought thousands of people in the streets in December 2016. These examples illustrate that while democracy in the region might indeed be deconsolidating at the moment, and institutions might be failing, civil society could perhaps still be a source of (cautious) hope.

VÁCLAV ŠTĚTKA

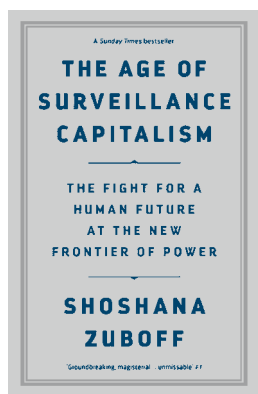
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Sound the Alarm

ASPEN.REVIEW
BENJAMIN CUNNINGHAM

CULTURE
SURVEILLANCE
CAPITALISM



**The Age of Surveillance Capitalism:
The Fight for a Human Future
at the New Frontier of Power**
Shoshana Zuboff

Profile Books, 704 pp, 2019

One night, amid a heavy storm, lightning strikes Shoshana Zuboff's home. There is smoke. She knows she must leave the house. But first Zuboff runs around closing the bedroom doors. She doesn't want the bed linen to smell of smoke. Finally, she runs downstairs. As she makes her way out the front door, a fireman grabs her and pulls her out into the rain. Almost immediately, the house explodes into flames and burns to the ground.

Just a few seconds earlier, Zuboff's biggest concern was preventing the bedrooms (where she assumed her family would sleep later that same night) from smelling of smoke. She had risked her life solving a problem that didn't need solving. The odor in a bedroom does not matter once the bedroom ceases to exist. As Zuboff admits in her brilliant, important new book, "The Age of Surveillance Capitalism," she had been incapable of perceiving the situation properly because she had never seen it before. It was unprecedented, and she equates quite a lot of our contemporary economic and political debate to closing bedroom doors in a fire.

Only free societies were deemed capable of producing sustained economic growth. In more recent years, however, rapid growth in countries with authoritarian political systems debunked this argument.

Society, she says, has transitioned to "a new economic order that claims human experience as free raw material for hidden commercial practices of extraction, prediction and sales". It is both a result and a profound distortion of the neoliberal paradigm that gained traction starting in the late 1970s. "Surveillance capitalism" extracts data and feeds it to machine intelligence. Those machines make predictions about what people will do later, and then trade those predictions on behavioral futures markets. Customers buy those predictions and use them to sell stuff back to us. Increasingly, that data is instrumentalized to actually shape our behavior in advance.

Neo-liberalism Liked to Equate Free Markets with Free Societies

Any half-conscious person sees signs of these changes everywhere. Even seemingly benign, silly applications provide a window into the fundamental dishonesty of the surveillance capitalist model. Think about *Pokémon Go*, that foolish cell phone craze of a few years back that had people running around chasing virtual characters. Harmless, right? Except that restaurants, bars and shops paid to place characters into their stores in hopes of boosting foot traffic and sales. You didn't go into the coffee shop to find a Pokémon character, you went there because the coffee shop invited you in. Tired from chasing around imaginary cartoons? Perhaps you need a tall mocha non-fat latte to go?

Late twentieth century neo-liberalism—economics predicated on privatization, deregulation and liberalization—liked to equate free markets with free societies. Starting from 1980 or so, prevailing wisdom had it that regulating commerce amounted to an affront to political freedom. Only free societies were deemed capable of producing sustained economic growth. In more recent years, however, rapid growth in countries with authoritarian political systems debunked this argument, and a growing body of evidence indicates that democratic politics elsewhere have become much less free (not to mention more dysfunctional) over the same period. In a 2017 study, the scholars Markus Wagner and Thomas Meyer charted 68 mainstream European political parties from 17 countries on a “liberal-authoritarian axis” and measured changes in positioning on issues like immigration, law and order, and nationalism between 1980 and 2014. Their conclusion? “The average center-left party today is about as authoritarian as the average radical-right party was in the early 1980s.”

While neoliberalism’s inurement to regulation, and preference for a weak state, created fertile ground for surveillance capitalism to take root, it has since grown in its own unique way.

Economic and Social Inequalities have Reverted to the Feudal Pattern

Zuboff channels the French economist Thomas Piketty in demonstrating how a stripped-down state and raw capitalism have spurred an unjust social order. “What is unbearable is that economic and social inequalities have reverted to the preindustrial ‘feudal’ pattern but that we, the people, have not,” she writes. “We are not illiterate peasants, serfs, or slaves.” Surveillance capitalists—Zuboff calls Google “the pioneer”—took advantage of neoliberal deregulation to colonize online space “like an invasive species in a landscape free of natural predators.” They were further aided by the collective panic that followed the September 11, 2001 attacks on the United States, “when a national security apparatus galvanized by the attacks of 9/11 was inclined to nurture, mimic, shelter and appropriate surveillance capitalism’s emergent capabilities for the sake of total knowledge and its promise of certainty”.

While neoliberalism's inurement to regulation, and preference for a weak state, created fertile ground for surveillance capitalism to take root, it has since grown in its own unique way. Purveyors of surveillance capitalism do not trade in traditional products and services. "They do not establish constructive producer-consumer reciprocities," Zuboff writes. Rather, they use their products as "hooks" in order to "lure users into their extractive operations". More data leads to more power. At some point a huge firm amasses sufficient data as to make competition impossible. "

A handful of large global firms have reaped the lion's share of the profits that [surveillance capitalism] has yielded," Zuboff's Harvard colleague Roberto Mangabeira Unger has written elsewhere. "I conjecture that a major cause of economic stagnation in the period from the early 1970s to today has been the confinement of the knowledge economy to relatively insular vanguards rather than its economy-wide dissemination."

Even Reasonable Arguments for Deregulation No Longer Make Sense

Surveillance capitalism combines the worst elements of authoritarianism (spying and centralization of power, albeit in the private sector) and laissez faire economics (increased concentration of wealth, and a neutered state). This is a truly significant change from the earlier economic systems, that even reasonable arguments for deregulation no longer make sense, predicated—as they are—on the assumption that markets are so multifaceted and complex that any attempt to regulate them will fail to account for certain details and cause more harm than good. In contrast, surveillance capitalism, by definition, eliminates uncertainty, meaning that—staying true to principles—even the purest Hayekian would find the current economy ripe for regulation.

Surveillance capitalism combines the worst elements of authoritarianism (spying and centralization of power, albeit in the private sector) and laissez faire economics (increased concentration of wealth, and a neutered state).

Zuboff's book divides into four sections. The first outlines the history of surveillance capitalism's development. In part two, Zuboff tracks how surveillance capitalism has moved from the online realm into the real world (your phone means you are surveilled when physically walking around town). Next, these same systems begin to move into the social world, altering

how we interact with one another and increasingly modifying behaviors in advance. In the final section, Zuboff describes how surveillance capitalism departs from traditional capitalist doctrine even as it traffics in similar rhetoric. The book is long and detailed, but sprinkled with colorful anecdotes. Many telling stories show how far the public mindset has shifted in a very short time. It is essential reading for anybody trying to think about the political and economic mess we find ourselves in.

Tech Companies Conflate Commercial Imperatives with Technical Necessity

To be clear, Zuboff, a social psychologist at Harvard, is not opposed to advances in technology. She does, however, abhor the idea that the way the Internet has evolved is in any way natural. The aforementioned Unger frequently refers to a “dictatorship of no alternatives” and Zuboff deploys a similar idea that she terms “inevitabilism.” Major tech companies have managed to conflate “commercial imperatives with technical necessity,” she writes. They do it on purpose, and we let them get away with it. Things need not have developed the way they have.

To be clear, Zuboff is not opposed to advances in technology. She does, however, abhor the idea that the way the Internet has evolved is in any way natural.

Back in 2000, Zuboff writes, a group of computer scientists at Atlanta’s Georgia Institute of Technology developed a prototype of what they called an “Aware Home”. The idea, as you might guess, was to use computers to optimize the functioning of a house. Thermostats changed the heating based on the time of day, and how much a given room is utilized, saving the homeowner money, and so forth. By 2018, products emanating from a similar concept—now called the “smart-home”—comprised a \$36 billion market. But there had been a fundamental shift in the meantime, whereas experimenters at the beginning of the century assumed that people would want to keep the functioning of their private lives private, smart homes now collect the customer’s behavioral data for the parent company. In short, in less than 20 years, the idea of broadcasting details from one’s home life transitioned from preposterous to a new norm. Did consumers ask for—or acquiesce—to this change? By 2023, revenues from the smart-home market are forecast to increase five fold. “We now pay for our own domination,” Zuboff writes.

Smart Cities May be Technocratically Efficient but They Need Not be Democratic

This logic has now broadened in scope. Smart cities are predicated on the idea that urban problems are caused by a lack of data or the inability to analyze it. Political problems all have a right or wrong answer, if only we can collect and interpret enough information. While the Chinese are building a surveillance state, the West looks increasingly content to outsource coercion to the private sector. Though smart cities may be technocratically efficient (trains ran on time in Nazi Germany too), they need not be democratic. In the late twentieth century, politicians ceded responsibility for economic policymaking, blaming all negative outcomes on the inevitable whims of “the market,” and smart cities lead to even less democratic accountability. Discussion and human consultation are replaced by algorithms. Compromises that appeal to multiple stakeholders are out, certainty is in. Cuts in a transport budget, rerouting a bus line, or rezoning a certain land for commercial use are “smart” because the computer says they are. Anyone who disagrees is “dumb”.

While the Chinese are building a surveillance state, the West looks increasingly content to outsource coercion to the private sector.

In fact, the entire surveillance capitalist business model, including smart cities, depends on thwarting democratic will. When people are actually informed about how their personal information is circulated, they really do not like it. A poll of American adults found that 88 percent support a law—similar to one that exists in the EU—that guarantees a right to be forgotten online. A separate Pew poll found that 93 percent of people thought it important to control “who can get information about you”. Surveillance capitalism depends on misleading people. As is the case with Pokémon Go, gaining and retaining customers is predicated on disguising the product. One 2008 study found that reading all the online privacy notices a person encounters in a year would take 76 full workdays—a number that has no doubt grown in conjunction with more privacy notices over the past decade.

The House is on Fire

Recent history has shown how a lack of state intervention can distort and limit political freedom, and the unprecedented power amassed by major tech companies makes the situation even more acute. “If we are to regain

control of capital, we must bet everything on democracy,” Thomas Piketty has written. The good news is that collective action and democratic politics have curbed the big business excess in the past. The bad news is that big changes tended to occur only in the wake of profound crises, like World War I and World War II. Unger has argued that future change “requires change in our basic economic arrangements and assumptions: not simply a different way of regulating the market economy or of doing business under its present institutions,” rather “ a different kind of market economy”. This does not sound like a pain free process.

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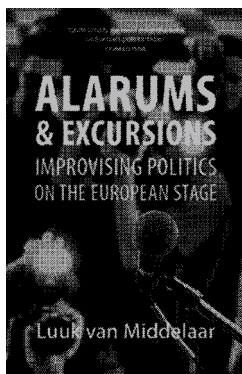
Thus far, the European Union has posed the most effective regulatory challenge to surveillance capital. But as an organization in a near constant state of crisis, with a notable democratic deficit of its own, without other allies, the clash would seem to favor surveillance capitalism in the long run. For her part, Zuboff is clear: the house is on fire. “Any effort to interrupt or dismantle surveillance capitalism will have to contend with this larger institutional landscape that protects and sustains its operations,” she writes.

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On the European Union Learning to Practice Realpolitik



Alarums & Excursions.

Improvising Politics on the European Stage

Luuk van Middelaar

Agenda Publishing, 2019

The historian and political theorist Luuk van Middelaar served as adviser and speech writer to the European Council chairman Herman Van Rompuy for five years. Over the course of those five years, as a result of financial crises and changing global power relations, Europe began to undergo a fundamental transformation. In his book *Alarums & Excursions. Improvising Politics on European Stage* van Middelaar describes how, under the pressure of events, a technocratic European Union was forced to transform itself into a major geopolitical player even though it lacked the relevant institutions and rules and had to create them as it went along, during the euro crisis, the assault on Ukraine, the immigration crisis, and following the Brexit referendum and the election of Donald Trump in the USA. These are the basic events which van Middelaar believes have radically changed the rules which the EU adhered to through its previous decades.

The author begins by outlining the playing field and explaining why and in what way the EU lacks instruments for resolving unexpected crises and the fact that the EU's rules, aimed primarily at market regulation, are not up to dealing with present-day power politics.

Van Middelaar's book is not, of course, a defense of the European Union in its current form. Rather than juicy backstage gossip, the author presents readers with the conclusions he has drawn from them. The book demonstrates how poorly the EU is equipped at present and for the future and how difficult many proponents of a unified Europe find it to make the transition

The crisis in Ukraine, and later the refugee crisis, have shown that the EU still acts as a magnet, but it has also revealed its strategic helplessness and lack of readiness to take geopolitical action.

from the technocratic world of free market rules to an unpredictable political sphere affected by events over which the EU's rules rarely have much, if any, influence—or indeed, where these rules put limitations on finding solutions to problems, be it the euro crisis, the war in Ukraine or the influx of refugees. It is only logical that individual member states and their politicians play an increasingly greater role, which leads the author to state right at the outset, in his introduction, that we can hardly expect any Euro-federation in the near future. He then goes on to explain why this is the case.

A Method of Trial-and-error

The chapter on the Greek crisis and the rescue of the euro is a graphic example of the importance of words in European politics. It is obvious that dealing with the euro crisis was just one big improvisation, which goes to show that trial-and-error is a method that is sometimes used even in large-scale European politics. Van Middelaar sees a direct link between the euro crisis and the subsequent rise of populism in Western Europe, and the way in which British resistance to greater integration gradually gave rise to the idea of a referendum on Brexit.

The basic lesson of the euro crisis is that you cannot go on forever improvising short-term solutions one step at a time. On the other hand, the author appreciates the fact that a solution that reflects Europe's values of both responsibility and solidarity was eventually found. This approach failed, however, in the refugee crisis that followed.

The crisis in Ukraine, and later the refugee crisis, have shown that the EU still acts as a magnet, but it has also revealed its strategic helplessness and lack of readiness to take geopolitical action. In both cases the EU was faced, for the first time in history, with the question of where its external borders

are and how to protect and defend them. In this process the EU realized that while it can develop and maintain the soft power that makes it attractive by applying technocratic solutions (i.e. regulations), it is not capable of playing, or maybe does not wish to play, power games using brute force. While Russia has applied nineteenth-century rules to playing this game, Europe's rules proved inapplicable to the aggression against Ukraine. The author makes

The transformation of a technocratic association into a political player necessitates a new way in which individual member state citizens should be viewed by the bureaucratic machinery in Brussels.

an interesting observation in this context: while the Americans know how to combine geopolitics with a struggle for freedom and play to win in this game, the European Union is not able to combine these two things and does not play to win but to minimize its losses. This was evident in the refugee crisis, in which the EU rules did not work, whereas interests did. This is something the EU only learned—at least for a while—when it reached an agreement with Turkey on detaining refugees.

The EU Should View its Inhabitants as Citizens

The Brexit referendum and the subsequent election of Donald Trump as US president was a fundamental shock to those who champion the EU, making them realize and admit for the first time that their project might be mortal. Notions such as sovereignty have made a comeback and the EU has, once again, been forced to defend its very existence and *raison d'être*. This has been escalating in line with the growing opposition within the EU and an analysis of this development forms the final part of van Middelaar's book. He emphasizes the fact that it met with no real opposition in the EU since this was impossible within the institutional, technocratic and political set-up of the European unification project, until the emergence of populists who in view of this set-up present anti-system opposition to the EU's very existence.

The transformation of a technocratic association into a political player necessitates a new way in which individual member state citizens should be viewed by the bureaucratic machinery in Brussels. To put it simply, the EU has to stop regarding its inhabitants as mere consumers who need protecting and instead view them as citizens whom it needs to talk and listen to. They are the source of its political power and strength which the EU needs now and

will need in the future if it wants to remain a political entity to be reckoned with in global politics or, at a minimum, if it wants to ensure safety and prosperity within its borders and strengthen cohesion within its ranks. Although this gives the EU many of the attributes of a nation state, van Middelaar is convinced that it ought not to push it towards federalization and an “ever closer union”. Quite the contrary: the EU must learn how to function in this new situation as a strong community of nations.

A Less Technocratic Approach is Needed

This will not, however, be easy. It is not enough to be technocratic—the EU must learn to use common sense and improvise. It needs to overcome three current taboos: defending individual states, different views among its members and realizing that it has boundaries that need protecting.

The second half of the book analyzes how far the EU’s leadership bodies can change and how they work. It is interesting for a journalist to see the great importance the author ascribes to the media in exerting pressure to ensure that the EU’s executive and the European Council tackle issues instead of kicking them down the road, and the role the media play in making EU decision-making more democratic precisely in these crisis-riven years. EU bodies have been trying to regulate problems instead of taking action, something that is typical of a technocratic approach.

As we have seen, the book presents a profound and thorough critique of the EU aimed at making it work better, based on the past ten years’ experience. The conclusion it arrives at is crystal-clear: what is needed is not federalization but a less technocratic approach and more Realpolitik based on a consensus among nation states, as well as on jointly defined interests that are closer to nation states than supranational groupings. This might result in more security and a greater readiness to act in financial, military or security crises.

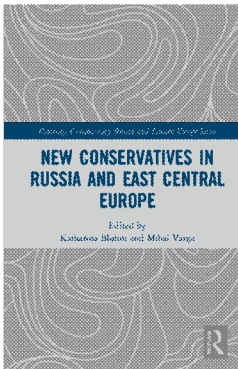
For anyone seriously interested in changing the EU so that it becomes stronger and more resilient in the world as we know it today, van Middelaar’s book *Alarums & Excursions* is a good starting point.

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A New Conservative in Eastern Europe



New Conservatives in Russia and East Central Europe

Katharina Bluhm and Mihai Varga

London, New York: Routledge, 2019

One of the most frequent conclusions coming up when describing political developments in Central and Eastern Europe is that countries east of the former Iron Curtain have been impacted by a “conservative wave”. This is followed by a series of hasty, half-baked assessments that mis-characterize or distort the new political reality on the ground.

A popular thesis is that Russia, Hungary and Poland have drifted away from Western liberal democracy solely due the the influence of the most prominent political leaders that have cropped up there: Vladimir Putin, Viktor Orbán and Jarosław Kaczyński. What is often ignored is the deeper historical context and understanding of traditional societal structures, without which the painted picture is not complete.

Political scientists Katharina Bluhm and Mihai Varga have compiled a collection of essays that provide detailed and comprehensive insight into the political and social developments that have taken place in Hungary, Poland and Russia in recent years. They delve in twelve chapters into various aspects of “the conservative renaissance” in these three countries. What is more, they provide an explanation of why it has happened.

Their key argument is that there has always been some elementary “conservative infrastructure” present. After the fall of communism, it has been systematically cultivated until it was able to bear fruit in tangible political influence and electoral success. These conservative networks were formed, for example, by philosophers and ideologues such as Alexander Dugin, a Russian theorist of “euro-asian-ism”, by businessmen acting as lobbyists, such as Konstantin Malofeev, an oligarch and owner of the TV station Csargrad, or by various think tanks or influential intellectual magazines. In Poland, the key role for the electoral triumph of the PiS (Justice and Law) party was played by a Catholic radio station Radio Maryja, in Hungary there were so-called “Civic Groups”, which were established by people from Orbán’s national-conservative party Fidesz as a reaction to the election victory of socialists and liberals in 2002.

Disillusionment with the Transition Process

The authors see the rise of political conservatism in many countries of Central and Eastern Europe in connection with the disillusionment felt by many people during and after the transition from centrally planned societies to a pluralist environment. It is interesting that “the conservative wave” has avoided, at least for now, countries where economic liberalism has not taken much root, compared with others, such as Romania, Bulgaria or the Baltic states, and which have undertaken deep austerity programs after the financial crisis in 2007 and 2008.

The region’s conservative wave can be explained, if somewhat simplistically, as a reaction to neoliberalism, which became the doctrine of the new political and economic elites after the fall of communism.

The region’s conservative wave can be explained, if somewhat simplistically, as a reaction to neoliberalism, which became the doctrine of the new political and economic elites after the fall of communism. Its creed was the decreased role of the state, deregulation and maximum possible privatization. This led to a weakening of state institutions—and conservatives prefer them to be strong. The way they see it, economic power and influence went into undeserving hands—for example because they were connected to the previous communist regime and belonged among the privileged. The fact that many members of these new elites ended up being investigated and suspected of corruption only strengthened the conservatives’ prejudice against the entire liberal system.

The advent of neoliberalism in the post-communist environment was accompanied by the idea that unharnessed market forces would enable economic betterment and upward social mobility of the widest strata of society, allowing the democratic system and rule of law to take root organically. As pointed out by the authors, that was also the prevalent school of thought in the West at the time. It only made sense for the countries that had just got rid

Conservatives did not take aim solely at neoliberal transformers, but at the traditional Left as well, personified by the unions, leveling accusations of assisting “a sell out of national treasures to foreign capital”.

of real socialism to reach into the neoliberal tool box. Many foreign economic advisors, helping with economic transformation, also shared the neoliberal outlook. As a result, there is a tangible prejudice against “outside influence”, encompassing many critical reports of the European Commission, as well as the spectrum of foreign funded NGOs.

Criticism of the Post-communist Order and “Political Capitalism”

Conservatives did not take aim solely at neoliberal transformers, but at the traditional Left as well, personified by the unions, leveling accusations of assisting “a sell out of national treasures to foreign capital” in exchange for lucrative positions on supervisory boards, instead of tackling traditional social issues. So it was national-conservative Fidesz, while still in opposition, that called to arms against the reform of the pension system with private funds at its core, initiated by the socialist-liberal government. When Fidesz came to power in 2010, it rolled back the reforms and returned pensions under government control. The new economic policy started pushing for the creation of “national champions” that would be able to compete against big multinationals.

Poland has gone through a similar development after the election victory of Kaczyński’s PiS. The conservative discourse in the country had long been centered on criticism of its post-communist order and accompanying “political capitalism”. Only systemic changes brought about by the “Fourth Polish Republic”, with strong state institutions at its core, were cast as capable of fighting for national interests. An important element was the institutional reform of the Polish justice system, presented by PiS as a break away

from post-communist justice and its proponents. A parallel with Hungary after 2010 is obvious: one of the first things Orbán did after acquiring a constitutional majority was to push through a new constitution and weaken the Constitutional Court.

The furthest down the path towards “a conservative renaissance” is Russia these days, which is seen by the authors as playing the key role in spreading the new “illiberal conservatism”. Russia’s turn towards authoritative tendencies started much earlier than in Hungary or in Poland. It came about from two directions. First, it was the governing elite connected with the United Russia party, which after the victory in 2003 began to look for a new identity. The second direction is personified by ideologues and activists on the fringes of existing elites.

A System of a “Managed Democracy”

Russian conservatives worry about the country’s state of economy, and call for a strong state represented by a powerful leader. What plays into their hands is the fact that the Western liberal system of checks and balances, introduced in *Yeltsin’s* era, never really took hold, not to mention the accompanying chaos and confusion. *Yeltsin’s* successor Putin then established a system of “managed democracy” which could be characterized as a combination of nominal competition and plurality, yet with direct subordination to Kremlin.

The question remains whether this state of affairs is the endgame for the Hungarian Fidesz and the Polish PiS. There is some evidence in Orbán’s case that lends certain credibility to such a theory: his musings about supplanting liberal democracy with a system of Christian democracy, or about creating a long term “central power field in politics”, point in this direction.

The breadth and scope of this review, compiled by Bluhm and Varga, is what makes it so valuable. It seeks to bring to light the underlying issues, cultural and historical context, and also shows the limits of connecting conservative political currents in Central and Eastern Europe.

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ASPEN
Review
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Europe?

No.
03
2019

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ART DIRECTION

Concept, layout, illustrations: Aleš Mička
Cover © 2019; Aleš Mička, Touch Branding s.r.o.

PUBLISHING EDITOR

Jenda Žáček

PUBLISHED BY

Aspen Institute Central Europe
Palackého 1, CZ 110 00 Prague
Aspen.Review@AspenInstituteCE.org
AspenInstituteCE.org
Year VII
No. 03/2019
ISSN 1805-6806 (Print)
ISSN 2570-6217 (Online)

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Photos without credit: Aspen Review Archive

The ideas expressed in the articles are the authors' own and do not necessarily reflect the views of the editorial board or of the Aspen Institute Central Europe.

The greatest evidence of Europe being a success is how people from outside Europe want to move there. It is a free and peaceful place and offers a social and economic model which is sustainable.

SERGEI GURIEV

In fact, the issue of the East-West gap popped out during EP campaigns in the region and problems of inequalities tearing Europe apart, most recently also along the North-South axis, persist.

MARIA SKÓRA

Populist parties now competing for power in many European countries should immediately remind us of populist movements in developing countries, where their support was closely connected to the sense of dependence.

BRUNO MAÇÃES

In the case of the New Silk Road, we see an economic intertwining of countries with completely different conditions, both in terms of power and politics, whereby China, is more interested in political than economic profit.

OLGA LOMOVÁ