



Europe 30 years after the fall of the Berlin Wall

Report from the LSE IDEAS
Central and South-East Europe
Programme Desk at FSPAC 2019

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LSE IDEAS Central and South-East Europe Desk at the Faculty of Political, Administrative and Communication Sciences (FSPAC) of Babes-Bolyai University of Cluj-Napoca aims to contribute to the global exchange of ideas and knowledge building on our joined interest for academic research and outreach to a broader professional as well as general public.

The Desk seeks to develop research opportunities focused on regional and European priorities, building on the experience of our team of experts, on topics ranging from European values and security to regional economic development and political participation.

The Desk hosts annual conferences, lectures and presentations by affiliated experts that will contribute to a deeper understanding of regional developments. It presents and publishes reports and contributions in support of public policy decision making or private initiatives.

The Desk hosts an ongoing fellowship program, encouraging scholars with a focus on regional trends and developments to be part of the team while pursuing their research interest during their fellowship. Fellows are encouraged to be part of the academic community delivering presentations and engaging students in their field of interest.

The fellowship is intended to aid international scholarly contacts and foster inner and inter-disciplinary dialogue that addresses problems specific to the political, social and economic developments of Central and South East Europe in general and Romania in particular.

The Desk fosters bilateral cooperation by organising student and academic exchanges and study visits as well as engaging traditional partners at local, national and regional level to broaden professional networks.

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Editorial: Inaugural report

Welcome to the inaugural annual report of the LSE IDEAS Central and South-East Europe Programme's (CSEEP) Desk at the Political Science Faculty of Babeş-Bolyai University in Cluj-Napoca, Romania. This marks a milestone of an extensive period of preparations, following the recognition of the need for an LSE IDEAS regional platform designed to foster academic cooperation and connect area knowledge with global trends. The LSE IDEAS CSEEP Desk research offers an insightful view of the events, ideas and experiences that have shaped Central and South-Eastern Europe over the last century while making sense of these from a global perspective. The broader LSE IDEAS CSEEP, of which this Desk is part, focuses on the connectivity between the states of this region, their history and their interaction with present day wider trends and global phenomena. The programme is led by Professor Christopher Coker, Director of LSE IDEAS, and managed by Megan Palmer at the LSE's London campus. The present report follows the first annual workshop—'Europe 30 Years After the Fall of the Berlin Wall'— which was hosted by the Central and South-East Europe Programme desk on 17 and 18 June 2019 at the Political Science Faculty of Babeş-Bolyai University in Cluj-Napoca, Romania.

Much of what happens in Central and South-Eastern Europe is in the global public view. Two world wars started in the region. Most cold war events and developments

involved the countries of the region. Most Holocaust politics, policies, and victims were from this region. Communism expanded and collapsed in Central and Eastern Europe; some of the most experimental transitions to democracy were later put in practice in this region. A plethora of vivid conversations about the cultural values and identity politics that shape today's global politics were sparked by Central and Eastern European intellectuals. However, the post-Communism European construction purportedly started an era of continental common democratic values, goals, politics and policies. History, particularly in the war-prone form that was experienced for almost a century by Central and Eastern European countries, was said to have ended. Western European democratic, liberal, and social values were meant to spread across the continent. Three decades on, pessimists contend that the cultural, social and political values of that conflicted past seem to have a future. Optimists, on the other hand, consider national identities and inter-group cultural multiplicities to be, as they were a century ago, facets of an emancipatory project against empire. Either way, cultural and social value diversity has returned to the arena, albeit in a somewhat brutal and unfriendly way. Fortunately, pluralism is still essential to the spinning and driving of ideas. The lack of it in intellectual constructions over the past decades has helped create both the

significant volatilities we now see in Europe, and Central and Eastern Europe in particular—and the mercurial reactions it has produced. As the chorus goes, there is something with the difference in values across Europe but it is not clear what. Indeed, the cliché about Europe’s “problematic” political, economic, cultural and social values is in need of closer examination.

In this first annual report of the LSE IDEAS Central and South-East Europe Programme’s Desk we present seven original research contributions. Each paper emphasises developments that take place or impact Central and Eastern Europe in a different way. The first contribution, authored by Christopher Coker, discusses the growing cultural gap between Western and Central and Eastern Europe. The paper takes a critical look at the pretention of value superiority Western Europe had and continues to have vis-à-vis Central and Eastern Europe. The second paper, co-authored by Daniela Angi, Bogdan Radu, and Petruța Teampău, offers a snapshot into the

influence of religious values in Central and Eastern European societies. The third paper, co-authored by Remus Anghel and Inta Mieriņa, examines and gives a glimpse into the outcomes of changing emigration and immigration patterns in Central and Eastern European countries. The fourth paper, co-authored by Jeffrey Sommers and Cosmin Gabriel Marian, invites a discussion about the world’s liberal centre and its reverberations across the European continent. The fifth contribution, by Aaron McKeil, sees troubles with the idea of a polycentric global order. The sixth paper, by Cornel Ban, questions whether economic nationalism is Central and Eastern Europe’s new normal. The seventh paper, by Benjamin Martill, analyses how power and values diffuse from West to East in an increasingly multipolar world.

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Is Europe splitting in two?

The growing cultural gap between Western and Eastern Europe

Christopher Coker

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Most of those who flooded the streets in 1989 were fighting not for so-called ‘Europeanness’ but to reclaim their own national identity.

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If you want to make life harder for the liberals in Central and Eastern Europe, the EU should be your champion. The European Commission in particular can be accused of ignoring historical differences. Let me mention three examples. The first is the role of the Holocaust, the memory of which was long considered a ticket of admission into the Western European community of liberal democracies. Quite apart from the concern increasingly raised about condemning an entire generation of young Germans to live forever in the shadow of a past for which they have no responsibility, the memory of the Holocaust differs in Central and Eastern Europe. To suggest that Europeans east of the Berlin Wall were complicit in crimes against the Jews is increasingly seen as national defamation in countries like Poland, Hungary, Romania and the Baltic states—witness the explosive impact in Poland of Jan Gross’s book *Neighbours* (2000), which documented the participation of Polish villagers in the massacre of Jews in Jedwabne; the bitter public debate and discomfiting historical research by younger Polish scholars that followed; and the notorious 2018 law banning the attribution of Nazi crimes to the Polish nation. In the Central and Eastern European memory, they, the region’s natives, were the innocent victims of the ‘double occupation’ of Hitler and Stalin, while the not-so-innocent Jews had been the accomplices and beneficiaries of Communist rule.

We should not be surprised about the role of nationalism in Central and Eastern Europe. Remember the revolutions of 1989 were cast in the language of nationalism against Sovietism; they were absorbed into specific national teleologies which gave a renewed pride in their country’s history, memories of which had often been repressed or reinterpreted under Communist rule. Intellectuals like Havel might think and talk about Europe as a single entity, but most of those who flooded the streets in 1989 were fighting not for so-called “Europeanness” but to reclaim their own national identity. Three decades on, however, we are all struggling with anti-Semitism in our different ways—just ask the French or the British Labour Party. We are all having to contend with our different national narratives of anti-Semitism.

And then there is immigration. I could quote the late Zygmunt Bauman who, when receiving an honorary doctorate from Prague’s Charles University, requested that the European anthem be played

at the ceremony rather than, as convention dictated, the recipient's national anthem (in his case of either Poland or Britain). He sought to depart from tradition because of his moving and long-held faith in Europe—he wrote that its great attraction is that it is “an unfinished adventure”. In his 2008 work, *Europe*, which has this phrase as its subtitle, he writes, “this civilisation . . . was and remains a mode of life that is allergic to borders—indeed to all fixity and finitude”. Bauman was speaking not so much as a Pole but as a Briton who emigrated back in 1968 and took such free movement for granted. But most single nationality Central and East Europeans have no experience of multiculturalism: People left Communist countries, if they could; they did not emigrate to them. Unlike Britain and France, they also have no experience of mass migration from former colonies. In addition, Central and Eastern Europe never experienced an influx of ‘guest workers’ like the Turks who were lured to West Germany in the 1960s by the German economic miracle.

Finally, the role of religion. Compared to Western Europeans, Central and Eastern Europeans have a different perspective on life. A [2018 Pew Research Centre poll](#) of 50,000 people in the region showed that they are more religious, more suspicious of non-Christian faiths, have and are more likely to hold traditional family values in relation, example, to same-sex marriages. These norms are not racist nor xenophobic—they were central in my own country fifty years ago. They were then thoroughly European attitudes.

The Pew Foundation in 2017 found that orthodox Christians' self-identification has been rising in Central and Eastern Europe, along with nationalism, thus confounding the West's post-1989 expectations. The reason is that the relationship between religious and political affiliations is different in the region from Europe at large. While it is true that religion still dictates some Western European political views—the French who identify as Catholic and go to Mass regularly are

significantly more right-wing—politics is usually determined by secular convictions, or a very watered-down version of Christian humanism. Not so in Central and Eastern Europe.

Unfortunately, all of this counts for very little in Brussels, which can be also be accused of two other sins: paternalism and bullying. As the Hungarian critic Istvan Bibó suspected, writing in 1946, the Western Europeans were inclined to dismiss their Eastern neighbours as a people defined by “an innate barbarism”, a people who were as much a danger to Western Europe as they were to themselves. Last year we remembered the Soviet invasion of Czechoslovakia in 1968. It went by largely unnoticed in Western Europe. The “attempt to build Socialism with a human face” clearly meant much less to European intellectuals than the *soi-disant* uprisings in Paris the same year. And there is a reason for that, too. Eastern Europeans, because of their experience of Communism, are much more virulently anti-Communist. What would they make of the spectacle of former European Commission president Claude Juncker unveiling a gigantic statue of Karl Marx in Trier? They would likely be angered, not so much by the fact that Marx is not recognised as one of the great intellectual giants of the 19th century, but for the fact that the statue was paid for by the ostensibly Communist People's Republic of China. As the Director of the Institute for Advanced Study in Warsaw recently wrote, the political landscape of Central and Eastern Europe is vastly different from that in the West. The Left is either very weak or completely absent. The political dividing line then is not between Left and Right, but right and wrong. As a result, politics tends to be more polarised, more prone to friend and foe, with each side conceiving of itself as the real representative of the nation. If you think this is just a Central and East European problem, think again. The rise of populism in Western Europe and the Brexit debate in my own country shows how polarised politics is becoming throughout Europe.

And then there is European bullying. The obligation for former communist countries to imitate the West once they joined the EU was destined to excite not only liberal resentment but aggravate the reassertion of nationalism. Remember former French President Jacques Chirac at the time of the Iraq invasion reminding the “new Europeans” that they had missed a unique opportunity to “shut up”. Or current French President Emmanuel Macron in June 2017 telling them that Europe isn’t a supermarket: The countries that do not respect the rules must face the political consequences. This is a bit much coming from a country that had consistently ignored the rules of the euro in terms of public spending. The time when Western European politicians could engage in such humiliating banter is over. In the 1990s liberalism was riding high—today as the flood tide of Western power and influence ebbs it risks being stranded. Those who believe in liberal values now have to fight their corner as they did in the 1930s when the threat came from Western Europe, as it may well do again.

Behind much of the criticism of Eastern Europe I find an Orientalist assumption: They will never be quite like us, although they deserve perhaps praise for trying. And I find it strange that it comes from countries that find themselves battling back at home to shore up faith in Western values.

Back in 1994 Vaclav Havel wrote a piece arguing that Czechs like all other Eastern Europeans wanted to join the EU for a reason: “we are concerned for the destiny and the values that brought down Communism—the values of Western civilisation”. But where is that civilisation today, and who is defending it? Back in Western Europe respect for Western civilisation and its values are being hollowed out by post-modernism and post-structuralism. Those values in the universities are frequently condemned as patriarchal, imperialist, and aggressively white. Lucy Noble, the new Artistic

Director of the Royal Albert Hall in London, thinks that “the white male titans”—Bach, Mozart and Beethoven—are putting off the young from classical music. And this at a time when the Chinese state has banned Western religious music including the St Matthew Passion.

Many Eastern Europeans must look in dismay at the language problem of their Western European friends who like to toss around Greek words like homophobia, misogyny, and transphobia in what Mark Lilla, the American liberal critic, calls a “moral panic”. Not only does this thicket of abstract words do little justice to the individuality of experience but it alienates many voters and gives rise to presidents like Donald Trump.

Words actually matter, and for Macron to dismiss nationalism as a “leprosy” is deeply foolish. He forgets that the nation-state is still the central reference point in most people’s lives. In the 2008 financial crisis its centrality was merely reaffirmed. Macron condemns nationalism in the name of European civilisation, but he is on weak ground here too. For civilisation is a concept rejected by many Western anthropologists. It would appear that though the Western Europeans continue to believe, formally speaking, in such absolutes as freedom, democracy and even (sometimes) God, it is just that these convictions have to survive in a culture of scepticism which gravely debilitates them and hollows them out. Perhaps, it is time for the Western Europeans to put their own house in order. If they wish to be critical of Hungarian Prime Minister Viktor Orbán and his illiberal ilk—as indeed they should—they should recognise that Europe is a broad church; that history matters; that national identities are more important in some countries than others; that the perennial battle between values and norms is a theme of all social and political life; and that there actually is a Western civilisation worth defending. ■

Religion, gender, and society: notes from Central and Eastern Europe

Daniela Angi, Bogdan Radu, and Petruța Teampău

This article provides an introductory discussion of the intricate relationship between public opinion and gender issues in contexts characterised by high religiosity and a preeminent role of Church in society. Focusing on Central and Eastern Europe—with a particular emphasis on Poland and Romania—we show how conservative social and political actors, hoping to attract citizens' approval and support, seek (and sometimes fail) to instrumentalise issues that can be framed from moral perspectives in order to advance their own agendas.

Communism and religion had a rather uneasy relationship, but degrees of uneasiness varied greatly across Central and Eastern Europe, where complex mechanisms circumscribe the relationship between church and state. The region—commonly reduced in the literature to “post-communist Europe”—includes religiously homogenous and pluralist countries as well as highly religious and quasi-secular states. If one factors in the role played by religion and church throughout different historical sequences, the image becomes rather pixelated, raising doubts vis-à-vis the alleged theoretical and methodological advantages of regional categorisations. There are a few distinctions between countries in Central and Eastern Europe that highlight the issue of supposed regional commonalities. First, some of the countries in post-communist Europe were integrated in the Soviet Union (i.e. the Baltics and Caucasus countries), which applied a certain harsh treatment to religion, evidently associated with Soviet identity construction. Others, such as Romania or Serbia, developed indigenous versions of nationalist communism in which religion contributed to national identity formation. In other words, the style and intensity of forced secularisation imposed by the communist regime varied from country to country. Second, from a historical perspective, the role played by religion—and, implicitly, by church—in Central and Eastern Europe was often portrayed as embedded in both the nation and state-building processes, especially in terms of gaining or maintaining independence or

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resisting Ottoman conquest. Third, and connected to the previous argument, the role played by churches during communism, and especially in the context of the regime breakdown, differed dramatically across countries (Nielsen, 1991). For example, in some countries religion and church were forms of resistance against communism, and also mobilised support for the regime change (as in Poland), while in others, church and state collaborated (as in Romania) (Gautier, 1997). Also, given the history of multi-national empires throughout the area, a fourth distinction reflects the presence of historical religious pluralism, as the Balkans Peninsula includes Orthodox, Catholic, and Islamic believers while in Eastern Europe different strands of Orthodoxy (see Ukraine and Moldova) or of Catholicism (see Uniatism in Ukraine and Romania) fight for status and prestige.

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Secularisation was long considered an imminent and inevitable process in countries of Western Europe, mostly due to economic and social development and the welfare state's slow takeover of religion's public functions. As such, scholars proclaimed the end of religion, or, at least, its privatisation—religion became mostly a spiritual and private matter, expressed largely through belief rather than any form of religious participation, even in highly religious Orthodox societies (Davies, 1994). The reality in Central and Eastern Europe, does not, however, confirm these trends. While countries such as Czech Republic and Estonia have some of the lowest levels of religious engagement in the world, Poland and Romania, and, indeed, further east in the Caucasus countries, are fertile grounds for vibrant religious life. According to a 2017 Pew Research Center study, such vibrancy of religious sentiment is mostly characteristic of predominantly Orthodox countries, although even there, differences exist. Among the latter, Romania, Georgia, and Armenia rank very high in terms of religious belief; in the Catholic camp, Poland takes the lead. This is not the place to have a complex discussion on methodological choices for measuring religious sentiment, but a note is in order: most surveys documenting religious involvement test either belief or participation, but they do not offer in-depth understandings of the meanings that religious acts have for confidants. In other words, high levels of church attendance or religious belief may not always be an expression of true belief, but rather of social desirability or ritualism. Two distinctions are, therefore, important when discussing religiosity in Central and Eastern Europe. First, countries diverge in their respective associations between religious belief and participation: Catholic countries, such as Poland or Lithuania, are characterised by a strong correlation

between belief and church attendance, while in Orthodox countries higher belief does not necessarily imply more church participation. Second, even in the most religious countries of Central and Eastern Europe—Poland, Lithuania, Romania, and Georgia—the correlation between religious belief and trust in church as an institution is not always strong.

Consequently, the relationship between religiosity and socio-political values is difficult to gauge, mostly because of the rather difficult process of measuring these deep and abstract features. Qualitative data is more useful in this sense, but the lack of generalisation limits its impact. As such, multi-national surveys have been traditionally employed. One major pitfall of analyses exploring the correlation between religious and socio-political values is their essentialist tendency: such approaches assume that religion is monolithic and that religious tenets are understood in the same way everywhere and correlate similarly with political values irrespective of time and space (Huntingdon 1996). But research shows that context plays an important role in understanding how religion influences socio-political values; the contextual features that mediate this relationship are diverse. For example, the minority or majority status of a religion in a given context, history of church-state relationships, and connection between ethnic and religious identity, all influence how religious values affect support for a certain political ideology or regime. Moreover, socio-political values themselves refer to different objects of support—from the political system itself to acceptance of liberal values—on which the religion's influence differs greatly.

Whereas religiosity in itself is not necessarily associated with illiberal or exclusionary views of the political community, it is not uncommon—particularly in contexts where churches enjoy a preeminent position in society—for conservative political groups to try and capitalise on people's high level of trust in the church and their commitment to traditional values. Such

practices are particularly salient in relation to issues concerning gender and sexuality, since these are matters that can be easily packed in value-loaded narratives. Furthermore, topics related to gender, family life, and sexuality do have an inherent potential of dividing the public opinion, as they call to mind deep-seated beliefs that often overlap with moral values and people's opinion what is right or wrong. Such illustrations are supported by empirical evidence. For example, recent data from the World Values Survey shows that considerable shares of both Poland and Romania's adult populations have strongly negative views of homosexuals. In both countries, where conservative parties have in recent years dominated the political scene, there have been various occasions of the political discourse conveying more or less explicit homophobia.

From this perspective, Poland offers a telling illustration of how conservative fractions of the society and political sphere instrumentalise issues of gender and sexuality. Topics like LGBT and abortion rights have indeed resurfaced on the public agenda in the recent years. The political configuration seemed particularly favourable in this regard, as the government is led by the conservative Law and Justice Party. A few months ago in April 2019, the leader of the ruling Law and Justice Party, Jarosław Kaczyński, appeared at an event organised by the Catholic Action in Wrocław and proclaimed: "we are dealing with a direct attack on family and children; this entire LGBT movement, gender ... it is imported, but today they actually threaten our identity, nation, its continuation and, therefore, the Polish state."¹ What's more, Polish society has in recent years witnessed the re-emergence of another sensitive topic prone to divide public opinion: changes in abortion law. In 2006, following a civic initiative, a bill proposing the total ban of abortion was submitted to the Parliament. The event triggered powerful counter-reactions from pro-choice segments of society that

mobilised in an internationally visible protest movement known as the “The Black Protests” (or “Czarny protest”).² The protests provided a strong indication that civil society is observant of attempts at restricting women’s rights—and that controversies concerning gender and sexuality may create cross-border solidarity.

In Romania, back in 2016, the Coalition for the Family (*Coalitia pentru Familie*, an association of about 30 Romanian non-governmental organisations, most of which had a religious affiliation) began advocating for the modification of the Constitution to explicitly forbid same-sex marriage. The Coalition emerged soon after Greece (also an Orthodox country) in December 2015 recognised same-sex unions. This decision apparently sparked panic within the Romanian Orthodox Church, which called for mobilising the public against such recognition in Romania. The Romanian Orthodox Church, as well as the American evangelical Christian organisation Liberty Counsel and Alliance Defending Freedom International, publicly supported the initiative.

Since 2016, the Coalition has created moral panic around the supposedly deviant sexual behaviour of the LGBT community, which allegedly threatens the traditional family—defined exclusively in reproductive terms: one man, one woman, and their offspring. The Coalition’s discourse prompted emotional reactions. Supporters were morally outraged and disgusted by the sexual practices of LGBT people and strongly opposed the prospect of same-sex families raising adopted children; opponents were appalled by the supposed narrowmindedness of the “traditionalist” conservatives and offended by their assumptions. The Coalition proposed a series of preferential financial and social measures for “families”, defined strictly as the heterosexual nuclear family with children. Other proposals included the taxation of celibacy, the banning of adoptions by single parents, and the active discouragement of sexual intercourse between unmarried persons. The

organisation also vehemently opposed the introduction of sex education in the school curricula while avoiding any debate about the real gendered issues facing in Romania: the feminisation of poverty, domestic violence, early pregnancies, single mothers, and lack of education and opportunities for women.

The advancement on the public agenda of Coalition-advocated issues must be understood in conjunction with Romanians’ wider attitudinal orientation toward issues concerning gender and romantic couples. Of particular relevance is the homophobic stance shared by a considerable part of the population. *World Values Survey* data from 2012 showed that 65.2 percent of the Romanian population believed homosexuality to be never justifiable, while 54.2 percent of respondents indicated that they would not want to have homosexuals as neighbours. A 2017 *Pew Research Centre* survey revealed further conservative attitudes, showing that 81 percent of Romanian respondents supported the idea that “women have a responsibility to society to bear children”.

The Coalition’s efforts prompted political and social turmoil. Meanwhile, their advocated referendum took place in October 2018 but failed, with an insufficient turnout of only 21.1 percent—although the results showed that 91.56 percent of voted in favour of banning same-sex marriage. An intense and politicised online debate, which was supported by some political forces, consumed Romania during the weeks preceding the referendum and called for a boycott, which might explain the low turnout. The tumult, however, seemed to fade away after the referendum. In 2017, the Coalition formed the civic platform ÎMPREUNĂ, or “Together”, a conglomerate comprising over 500 NGOs and dedicated to “defending the children” from the impact of gender ideology, understood as an attack against Romanians’ moral and traditional values. The platform is now fighting for political leverage, so far without significant success, however.

The Coalition represented a powerful counterattack against civil liberties and freedom, not just of sexual minorities, but of women in general. Viewed from a broader perspective, this movement seems to be part of a global conservative backlash: The Istanbul Convention for Action against Violence against women and domestic violence, while ratified by Romania, Bulgaria, and other Central and Eastern European countries, was met with attacks by conservatives and members of the church who accused it of perverting traditional moral values. While the general public in Romania is largely unaware of the meaning of the concept of “gender” and uninformed about the real purpose of the Convention, some of those opposing it were quite influential public figures whose views had a substantial impact on society. We argue that while the pressure is deployed around homophobia it is actually about gender equality: A functional same-gender union would challenge and weaken the traditional model. This brief analysis of the Coalition for the Family is only the starting point in documenting how political and religious actors efficiently instrumentalise Romanians’ strong tendency towards conservatism. With this classic example of emotional politics, we have showed how easily people can be influenced by not only LGBT rights, but also the rights and liberties of minorities in general—even in a democratic state. ■

1 <http://www.ak.diecezja.wloclawek.pl/index.php/historia/16-strona-glowna/339-iii-konferencja-byc-polakiem-duma-i-powinnosc-24-kwietnia-2019-wloclawe>.

2 See, for a wider contextualization, Agnieszka Wisniewska, “The Black Protests have changed Poland”, 18.03.2018, <https://www.fes-connect.org/reading-picks/the-black-protests-have-changed-poland/>; BBC: “Black Monday: Polish women strike against abortion ban”, October 3, 2016: <https://www.bbc.com/news/world-europe-37540139>.

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From emigration to immigration? CEE countries in post-crisis context

Remus G. Anghel and Inta Mieriņa

In the past three decades Central and Eastern Europe have been one of the main labour force reservoirs for Western Europe. In sending countries, the consequences of this exodus are increasingly becoming a cause of concern. Population loss and brain drain affect the future of these countries not only in economic terms, but also in relation to the sustainability of social security systems (Masso et al. 2016). When so many people have migrated elsewhere a natural state response would be to think of ways to attract them back or at least to minimise further losses. Another alternative, that started to take shape in the past years, is to allow or support immigration from other countries. Although this may generate new challenges, immigration may ultimately be one of the single options these states have in order to limit the severe population losses that are already taking place.

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CENTRAL AND EASTERN EUROPEANS' MIGRATION AFTER THE ECONOMIC CRISIS

The financial crisis from 2009–2010 had severely impacted some countries from Central and Eastern Europe. As unemployment and uncertainty grew, emigration increased especially where the crisis was strong. As a consequence, between 2004 and 2012 the number of emigrants from the region more than tripled from 1.7 up to 5.6 million people (CEED 2014). But migration grew not only from countries severely affected by the crisis, such as Romania, Bulgaria and the Baltic States, but also from Hungary that had a relatively low emigration before the crisis (Eurostat 2019). This led to high population losses not just in Central and Eastern Europe, but also in countries such as Greece, Spain, Portugal and Ireland (World Bank 2012). Besides, despite the economic growth of the CEE countries in the past years and the substantial increase in the level of wages, emigration remains high.

As a result, since 1989 Romania and Latvia lost up to 15% of the population primarily due to emigration, Poland, between 5 and 7%, Bulgaria, 25%. Besides migration, another important factor is the low fertility rates in these countries. Overall, in time such population losses and low fertility will produce dramatic situations. Eurostat estimates that from 2020 until 2070 Romania will lose up to 22% of the population, Bulgaria, up to 30%, Czech Republic, 6%, Hungary will decrease by 9%, Poland by 18% and so on (Eurostat 2019). Facing such catastrophic perspective, one could not avoid asking how this situation will evolve and what these countries will do to avoid or limit massive depopulation, possibly turning back this trend.

POSSIBLE SOLUTIONS TO MASSIVE EMIGRATION

Facing increasing labour shortages, depopulation and the perspective of hampering economic growth, governments of CEE states have started to tackle the challenges of emigration. Two solutions have emerged: facilitating return migration and/or accepting or recruiting immigrants from other countries.

Return is often the first desirable option by these states: it is expected to have a positive effect on the overall economy by helping to fulfil labour demands and to increase the potential for innovation and entrepreneurship. Therefore, some countries such as Latvia, Lithuania, or Hungary made return an important policy theme. In other cases, there is almost no coherent policy framework to enhance return. However, despite different policy approaches, return rates have been rather low in the region: the latest EU Commission report on intra-EU mobility shows that return migration rates in CEE countries have been decreasing in the last few years, and currently sit at the lowest level since 2009 (Fries-Tersch et al. 2018).

Until recently, CEE countries were perceived as countries of emigration and not of immigration and transit. However, immigration started to emerge already after 1990. As these countries were multiethnic, there were in the region large ethnic minorities living over the borders of their motherlands. Given this, some of these countries elaborated special laws to enhance the immigration and labour integration of these minorities. This is the case of ethnic Hungarians from Romania, Slovakia, Serbia and Ukraine migrating to Hungary, of Moldovans migrating to Romania, or of ethnic Poles migrating from Ukraine to Poland. These countries considered these migrations natural and these migrants just the same as the majority population.

An entirely different optic prevailed in what concerned the immigration of third country nationals and refugees, who were regarded with caution and even plain rejection. The wave of refugees arriving in Europe in 2015 stirred much public debates in Central and Eastern Europe. Some of these countries tried to oppose the arrival of refugees coming from the Middle East, openly opposing the refugees' redistribution quota in the EU or limiting the redistribution to families.

According to Eurobarometer (2017), people in CEE overwhelmingly do not recognise the contribution of immigrants to the country's economic growth and are not eager to welcome them. Nevertheless, governments in the region are starting to acknowledge the need to accept labour immigrants. For example, Estonia has purposefully been aiming at attracting foreign workers, changing regulations and working on the attractiveness of Estonia as a country of destination. Romania also recently launched programmes to attract labour force from East Asia. Similarly, Poland has intensified efforts to attract labour from India and Philippines. In Latvia, the government has compiled a list of professions that suffer from labour shortages, and where workers from the third countries

can be invited to work. In Estonia since the 1990s there is a quota system to regulate immigration. While the regulations are often restrictive, and the bureaucracy too burdensome, emerging immigration policies in the region attests a larger shift in views on the countries' future needs. Thus, given that return is constantly low, immigration seems to become the sole solution to fight depopulation and economic stagnation. Given this, we now discuss some of the immigration trends already developing in the region.

IMMIGRATION TO CEE—AN UNEVEN PROCESS

Immigration rates reached on average 0.7% of the total number of inhabitants in the EU and OECD countries in 2015, but they have been much lower in most CEE countries. Looking at the available data, one would notice the relative salience of ethnic migration, migration of ethnic minorities to their motherlands. In Hungary the majority of immigrants are ethnic Hungarians coming from neighbouring countries (in 2018, most of the 333,000 migrants coming from neighbouring countries out of a total of 536,000 foreign born¹). Similarly, in Romania, most immigrants are Moldovans arriving in the country. The official data mentions in 2018 only 69,000 Moldovans in the country². However, Eurostat data shows that no less than 199,000 residents born in Moldova, about 40% of people foreign born living in the country. In Poland as well, there was an arrival of ethnic Poles mostly from Ukraine and Belarus.

At the same time, the overall number of Ukrainian workers in Poland is approaching 2 million. From 2013 until 2017 the number of work registrations issued to Ukrainians increased eightfold—up to 1.7 million (*Financial Times* 2018). In Latvia (and, similarly, Estonia), majority of non-national immigrants come from countries of Commonwealth of Independent States (CIS), mostly Russia but also Ukraine and Belarus. Their motivation is fueled by the widespread use of Russian language in various sectors of the economy in combination with more competitive wages. In Romania, Hungary and Czech Republic an increasing number of immigrants come from afar. In Romania about 20,000 people were born in countries such as Turkey, China, Iran, and Syria. In Hungary, Chinese make the largest group of such migrants, of about 18,000. In Czech Republic, Vietnamese total around 46,000 people (Eurostat 2019). Despite the fact that these numbers are smaller than those of migrants coming from the CEE region, this signals that labour migration has started to diversify geographically.

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Labour migration
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Intra-European immigrants of non-ethnics are making a third group. They arrive mainly due to family reasons, but also work, education or other reasons (Eurostat 2019). Among them there are European spouses of returnees, business people or highly skilled workers. Even though a lot of attention has been paid to labour migrants, international migration of European students has been increasing as well. As we can see, intra-European motivations for migration are very diverse, and the various groups of migrants require different policy approaches.

Lastly, the number of refugees accepted by the CEE countries is low despite the political fuss around the issue. According to the UNCHR data (2019), in 2018 the status of a refugee or subsidiary protection has been granted to 12,190 people in Poland, 19,141—in Bulgaria, 3,876—Romania, 5,641—Hungary, 5380—Czech Republic, and 638 people in Latvia. This remains very low in a comparative European perspective as well as given the overall number of immigrants already residing in these countries.

CONCLUDING REMARKS: FUTURE TRENDS, NEW CHALLENGES

One of the biggest challenges of the CEE countries is to become countries of immigration and to compensate the massive population losses with newly arriving immigrants. So far the large majority of immigrants consisted of people coming from the region, but this trend is likely to decrease. Due to the sizeable ethnic migration of minorities over the border, the pool of potential ethnic migrants still living in the countries of origin decreased accordingly. Labour migrants from the region may continue to migrate mainly from poorer countries. But the prospects to migrate to the Western Europe, or economic growth in these countries may decrease these trends also. In the long run, the arrival of migrant workers from other geographical regions may provide a more sustainable solution in spite of public reluctance. However, without easing the regulations and improving the immigration climate, attempts to fill in the structural gaps in the labour market with foreign workers are likely to fall flat. ■

1 See Eurostat data, Eurostat (2019).

2 www.igi.gov.ro.

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The collapsing centre in the world's liberal centre

Jeffrey Sommers and Cosmin Gabriel Marian

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Globalisation was heralded as inaugurating a new era of integration.

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Presently, we find ourselves in a world where the “vital center” (Schlesinger, Jr 1949) of political liberalism, open society and free markets are collapsing. However, the Cold War’s end was to have heralded an era of global democracy and a deepening of the “vital centre.” Liberal institutions were meant to spread to those places previously bereft of them. Meanwhile, where liberal institutions already existed, they were to be strengthened going forward. The immediate post-Cold War period was branded as a time of consensus.

The contested terrain of history was said to have ended. As the Soviet bloc began to implode from 1989 onwards, Francis Fukuyama declared “The End of History” (1992). Globalisation was heralded as inaugurating a new era of integration, where hierarchies would dissolve across a world that Thomas Friedman later declared “flat.” Related themes were voiced by Antonio Negri and Michael Hardt (2005) in a world now “networked,” with the promise this delivered for a more democratic future. Moreover, prominent US academics such as Patrick Manning (2007), reflecting on the collapse of several authoritarian regimes in the 1980s, argued that “songs of democracy” (pointing to “singing revolutions” from South Africa to the Baltic states) defined the new era.

In the post-second world war era consensus was built around the idea that society did indeed exist and its good health required commitments to maintain. This required political will to implement, will which was easier to find given the living memories of the first world war, the great depression, the second world war and the dangerous experiments of fascism and Soviet communism that they unleashed. As memory of these episodes receded, so did the commitment to maintain alternatives to them. Moreover, by the late 20th century it was thought such extremist directions were safely buried. Additionally, the post-second world war Bretton Woods order’s very success, eventually led to contradictions and economic challenges, in which some new economic policy directions were required. Instead, the

old model was largely discarded wholesale in favour of extreme versions of economic liberalism. This path both accelerated economic decline, while creating social instability.

As the post-second world war order wobbled in the 1970s and 1980s, supranational organisations, such as the European Union, arose thereafter with the mission to preserve Europe's post-second world war social order, while maintaining economic vibrancy that began to wane. Jacques Delors heralded a Social Europe that would bridge the gap between Margaret Thatcher's economic (neo)liberalism and Francois Mitterrand's social model designed to retain the social dimensions of the post-second world war embedded liberal order.

A generation later, history has proved restless and is still very much in motion. Globalisation has provided opportunities for states, but has also subsumed nations and individuals to the exigencies of capital. Nationalism has a proven dangerous dimension, but one must remember that it was born as a liberatory project against empire. Its 19th century victories translated into the rise of national bourgeoisies (middle classes). Moreover, these national middle classes created national economies providing opportunities for advancement for nationalities frequently foreclosed from opportunities under larger imperial political units. This also eventually improved conditions for farmers and workers, whose status rose as citizens of nation-states and not just subjects of empires. While nationalism possessed this progressive agenda, it could also be mobilised for dangerously reactionary purposes as well, as history has amply shown.

Around the world, centrifugal forces have pulled many societies away from consensus and the political centre. The Tiananmen protests in Beijing failed to launch waves of democracy in China. Meanwhile, shock therapy in Russia under Boris Yeltsin did not deliver the "vital centre," but chaos and, predictably, the rise of authoritarian leadership. Thereafter, Russia's

young often gravitated to revanchist figures such as Alexander Dugin and his "Against the Centre" movement that rejects Western political liberalism. Moreover, the "coloured (liberal) revolutions" designed to liberalise Russia's "near abroad" fizzled and failed to catalyse social change. Meanwhile, in the US similar forces were in play. In 2008 Barack Obama campaigned on remedying the country's economic failings, but delivered more hope than economic change. This helped deliver Congress to Tea Party Republicans (and obstruction) in 2011 for the next six years. Following the pattern emerging in Europe, failure of a democratic left challenge (Sanders) meant enough voters would turn against the centre to install a rightwing populist to government: a veritable perfect storm of contingent variables thus delivered Donald Trump to 1600 Pennsylvania Avenue.

Then there is Europe, home to political liberalism itself, and where a generation back none would have forecast a "crisis of the middle ground." A liberal organisational scheme for Europe's economies, however, was nothing new. Friedrich von Hayek proposed just such a model for Europe in 1939. Hayek called for a federated Europe that would remove national control over economies. Hayek complained that politicians needed to get elected and therefore had to pander to the public. Hayek, therefore, promoted the idea of removing economic policymaking from their hands and placing it with technocrats at a European-wide level. This was largely achieved with the Maastricht Treaty in 1992 and deepened with subsequent Lisbon agreements. The economic policy results were economic stagnation and widening inequality that has fueled neo-populist responses. By early 2000s, citizens in much of Europe felt governments were failing them. Voters oscillated back and forth between centre-left (social democratic) and centre-right (conservative) parties as each failed to produce results. Following the 2008 financial collapse, people increasingly turned against the political centre. Voters moved both

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Economic policy cannot be extracted from society and pure economic liberalism does not necessarily produce political liberalism.

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further left with the election of Syriza in Greece and the rise of Podemos in Spain. But, when the ultimate showdown over austerity came in the summer of 2015, Greece's Prime Minister acceded to the austere's demands. Syriza's high-profile finance minister, Yanis Varoufakis, resigned. If the democratic left could not effect change in Europe, who could? Gradually, many concluded right-wing populists could, and increasingly turned to them for alternatives. This provided an opening for success of the Freedom Party in Austria, the electoral surge of Front National in France and AfD in Germany. In the UK, "Brexit" revealed that the centre was collapsing in the world's liberal core.

East/Central Europe has been a zone of policy experimentation following the collapse of the Warsaw Pact. The region lacked democratic institutions given Soviet imposed and/or influenced governments, thus making it a tabula rasa for policy construction post 1989–91. Radical structural adjustment programmes were implemented, including extreme austerity following the 2008 financial crash. Thus, the inevitable backlash arose with the anti-liberal, anti-immigrant Fidesz and Jobbik parties taking power in Hungary in 2014. Meanwhile, in the same year the Law and Justice party took power in Poland, riding similar waves of backlash and resentments. Neighbouring Turkey already went in this anti-liberal direction with the election of Tayyip Erdogan's party in 2014, marking its separation from nearly a century of liberalising policies begun with Kemal Atatürk. Reprising these anti-liberal movements in 2016, but from the direction of "socialist" parties with "nationalist" (often cynically deployed) orientations, took control in Bulgaria and Moldova. And, the process continues into the present with Italy and others.

The lesson we are painfully, and dangerously, re-learning today (*passim* Karl Polanyi, 1944) is that economic policy cannot be extracted from society and that a pure economic liberalism does not necessarily produce political liberalism.

Pluralism is essential in the production of ideas, either social, economic, cultural, or political. Lack of diversity in intellectual production has helped create both the significant inequality we now see in society and the neo-populist reactions it has produced. This pattern is not new. Post-second world war consensus was cemented around Keynes's economic propositions: high redistributive taxes, government regulated social outcomes, full employment, safety nets, permanent development of public services. It ended in the 1970s recession, which exposed the limits of government regulated social and economic outcomes. The 1980s and after were dominated by resuscitated neo-liberal ideas: free markets, privatisation, tax

cuts, truncated trade unions, deregulation, insertion of market forces into provisioning of public services and financialisation of the economy generally. It culminated in the 2008 economic crash.

Economic, political and social development should be informed by past successes, yet with adjustments for current conditions and future projections, matched by unique time and space circumstances. The US, West Europe, and East Asia prospered to varying degrees in the post-second world war epoch. Yet, their successful paths were grounded in policies counter to (neo) liberal consensus advocated prescriptions and contra to the prevailing orthodoxy of most neoclassical economists (although growing dissent is being registered today). Current conditions may warrant a re-evaluation of received wisdom. Heeding the caution presented by the founder of the Stockholm School of Economics, Gunnar Myrdal (1932, 1980), we should endeavour to depoliticise debates regarding development, thus allowing nations and regions to pursue policy choices truly in their best interests. To date, a politicised orthodoxy has prevented a full range of economic policy options from being explored. And, now the predictable rightwing anti-systemic populist backlash has arrived (Hopkin, 2020). ■

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Some troubles with the idea of a polycentric global order

A.C. McKeil

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Across world history, it seems not unusual for international orders to ‘split-up’.

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After a 30-year run, the US-led post-cold war order appears to be coming apart. How deeply and completely is debated (Ikenberry 2018), but several theorists suggest that multiple orders are emerging (Flockhart 2016; Mearsheimer 2019). In this context, a curious notion of an emerging “polycentric” global order is gaining increasing interest. Interestingly, Vladimir Putin and the Russian state have advanced this concept of a polycentric order since at least his Valdai Discussion Club speech of 2014. What is curious about this concept is not so much its meaning as why it is being used and how useful it might be. This concept, in the context of the discourse of international order, describes an order befitting an increasingly multipolar distribution of power. A polycentric international order means an order of multiple *overlapping* and *networked* regions and authorities, rather than clearly delineated or demarcated distinct and discreet regional orders. To what extent is such an order actually emerging? Why does Russia, in particular, seem to be advancing this concept? What implications might it have for states finding themselves in-between multiple overlapping powers? In this paper, I make my way to these questions by firstly exploring the more fundamental questions of why and how international orders seem to have a tendency to “split-up” and what the political stakes are when they do. From this discussion, I identify a number of troubles the notion of a polycentric global order raises.

WHY DO INTERNATIONAL ORDERS TEND TO “SPLIT-UP”?

Perhaps international order in the 21st Century is experiencing an old pattern of international politics. Across world history, it seems not unusual for international orders to “split-up”. The archetypal example is the emergence of two orders in the ancient Greek city-state system before the Peloponnesian war. There were two security alliance structures, one centred on Athens’ Delian League, the other on Sparta’s Peloponnesian League. Two rival political orders—democracy and monarchy—also emerged,

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Competing interests and ideals develop competing institutions and principles that bifurcate or trifurcate the international order.

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each championed by the competing powers of Sparta and Athens who supported revolutions wherever they emerged or could be incited. There was also a bifurcation of the economic order amongst ancient Greece's city-states. Not only did Athens have a financial requirement attached to membership in its Delian League, but Athens, prosperous due to its abundance of silver mines yet also dependent on grain imports, even developed an economic order among its neighbours and allies by establishing trade agreements that guaranteed grain imports to itself ahead of other markets. As is well-known, the post-1945 order also split when the cold war developed two international orders, Western and Soviet, each with distinct and discreet security alliance structures and economic systems.

International orders have this tendency to split because they are reflections of the political powers that make them, both in the sense of the *number* of powers—one or more—and in the sense of the ascendant powers' *character* (Gilpin 1981; Ikenberry 2001). After the cold war, for instance, the US, bolstered by American hegemony, tried to expand the Western Atlantic order whose rules, norms, and institutions reflected American and Western power, interests, and ideals (Acharya 2014). By contrast, when there are multiple major powers (that is, multiple powers able to compete, be it multiple great powers or multiple super powers), their competing interests and ideals develop competing institutions and principles that bifurcate or trifurcate the international order. The depth of this division depends on the degree of hard and soft power polarity. But when international orders divide, they do not split completely or cleanly, but instead tend to split apart in a nested or tiered and rather messy fashion, producing frontiers between regional orders or spheres of influence that are unclearly nested within an overarching order encompassing all the great powers. In the cold war, for instance, the international order was divided broadly into two orders with several contested territories, but both orders were nested in a thin system-wide international order through the UN system.

Perhaps hinting at something deeper about the nature of international orders, there seems to be an oscillation in international history, albeit with irregular intervals, between periods of hegemonic orders—where one power constructs and attempts to uphold one overarching order—and periods of dividing and divided orders—where the order is split up by rising and competing powers. For instance, in the underdiscussed post-Peloponnesian war moment, Sparta brought Greece under one order again. It dissolved Athens' Delian League and expanded

the Spartan-led Peloponnesian League, renamed the Hellenic League, to encompass Athens and its allies. Sparta also made Athens and its conquered allies into monarchies and oligarchies, after its own constitution, fashioning a uniform if not unified political order across Greece. After the cold war, the US attempted to globalise its order in a similar manner. It sought to breathe new life into the UN, attempted to use the WTO to establish one global capitalist system, and expanded, rather than abandoned, the old security alliance of NATO.

HOW DEEPLY IS THE ORDER “SPLITTING UP” TODAY?

In the early decades of the 21st Century, observers often suggest that the international system is increasingly being “split-up” into multiple nested orders (Flockhart 2016; Mearsheimer 2019). If the depth of the emerging split-up depends on the degree of power polarity, as I suggested above, then regional orders will continue to deepen and split-off while still being nested in an overarching international order. With regards to Eastern and Central Europe, for instance, Russia has been attempting, with some success (Cooley 2019), to establish and promote its own economic and security institutions in the neighbourhood: militarily through the Collective Security Treaty Organisation and economically through the Eurasian Economic Union. On a global scale, there is an internationalist “new regionalism”, but this also reflects a new power politics. The EU project continues but Europe itself continues in important ways to be between “stuck between the superpowers” (Cox 2017). In Asia, particularly Southeast Asia, China is beginning to establish the initial foundations its own regional order. States in Africa and Latin America are attempting to develop regional orders too, but these regions are also increasingly seen as spaces of great power competition between China and the US.

Defenders of the liberal international order suggest it will endure and become only mildly diluted in content (Ikenberry 2018). Perhaps this is about correct. Yet, part of the reason of the “splitting-up” of international order today is about the distinct characters of rising powers. Belief in the potential for a liberal international order to be global in scope in the 21st Century is based on a confusion of liberalism and modernity. All the rising powers, and the majority of people in general for that matter, want to enjoy the fruits of modernity but they do not all want to be liberal. The global international order, based on the diplomatic and UN system will endure but the predominance of a post-cold war US-led liberal character will fade as the US declines, however gradually, especially while the US squanders its soft power and alienates its allies (Schake 2018). Some say the decline and fall of the post-cold war rules-based order is nothing to be alarmed about because it provides opportunities for a more inclusive and equitable world order (Brown 2019). Surely it does, but it increasingly seems apparent that the great powers are not building an all embracing and equitable global order. Rather, they seem to be making multiple orders, or at least attempting to.

Where the post-cold war order is in retreat we can see the re-emergence of spaces of power politics. The disorder of this power politics is most evident in Ukraine, the South China Sea, and Syria. The splitting up seems to be deepening, and security competition intensifying (Mearsheimer 2019). Thinkers like Amitav Acharya and Barry Buzan suggest what is emerging today is a ‘multiplex’ or ‘decentred’ global order with multiple nested regional orders (Buzan 2011; Acharya 2014; Acharya and Buzan 2019). They suggest that this is a better order for the world, as more regions and non-Western powers will have more say and sway in world affairs. Perhaps, in this respect, it would be a world that is somewhat better or more well-ordered. Yet, it is inherently imperfect and we should not overlook the space between orders.

When I try to explain Acharya and Buzan's vision of a multi-centred regionalist global order to my students, I use the picture of a pizza pie. With this image in the abstract, it seems like a more equitable and better ordered future because everyone gets their own "slice" while the slices still fit-together. This abstract vision, however, overlooks the on-the-ground problem of regions' frontiers, where great power politics manifests perhaps most palpably—where the tense and uncertain strategic action of "splitting up" orders happens.

WHAT IS AT STAKE IN A "MULTI-ORDER" WORLD?

Firstly, if the international order is "splitting up" it matters for those countries trapped in-between the powers, forced to one side or another, and often subject to intervention. In Eastern and Central Europe, for instance, the "in-betweens" include Belarus, Ukraine, and Moldova (Charap et. al. 2018). Unfortunately for such in-between states, they often become the terrain of power politics in practice, the spaces where the orders are split apart.

Secondly, there are also the stakes of exactly how the great powers go about splitting up international systems into multiple spheres of influence with respective orders. Either they divide the small powers between themselves through negotiation or through intervention and strategic imposition. The use of the latter, and the failure of the former, is one of the most troublesome ways in which power politics manifests through strategic invasions, the supporting of rebellions, annexations, and the like, all coupled with diplomatic failure or impasse. These strategic and diplomatic actions of rival great powers generate five fates for those states that find themselves "in-between" the powers: they are forced to declare neutrality; they become satellites; they become designated buffer states; they are partitioned, or,

occasionally, they play the powers against one another with a dynamic foreign policy of "holding the balance". In practice, these fates often overlap, and complex patterns of power emerge as the great powers struggle through diplomatic and strategic action to ensure that the fates of the small powers benefit their interests.

Thirdly, and perhaps most problematically for the emerging order, is that it is virtually impossible for the great powers to make neat and discreet divisions of space and rule. In practice, it is an ambition with inherently imperfect results, even if the great powers attempt to construct discreet spheres of influence, which they do not appear to be doing.

Not only is agreement on space amongst the great powers elusive, because they struggle to achieve regional dominance, but in practice countries and regions are never easily divided up, since they have overlapping and complex social fabrics. Small powers also often rebel or try to hold the balance between the powers. Moreover, the forces on the ground are always shifting thanks to the swings and turns of local domestic politics.

Fourth and lastly, a splitting up of international order matters when negotiation and strategy fail, ultimately causing wars between the great powers that spread and consume entire regions and potentially the entire system.

A POLYCENTRIC ORDER?

In this context, Vladimir Putin's seeming preference for a "polycentric" global order appears to be somewhat attuned to these troubles and concerns of a dividing order (Kortunov 2019). The idea seems to contain hints of mechanisms and ways for mitigating and managing the problems of the multi-polarisation of international order. Genealogically, polycentricity is a concept originally used in the 1960s to describe overlapping governance in metropolitan US cities (Ostrom et. al. 1961).

Figure 1: *Punch*, 1945.



TROUBLE WITH SOME OF THE PIECES.

When applied to international order and governance however, it means an order of overlapping but semi-autonomous international economic, security, and governance institutions and authorities, each connected to multiple power centres that mutually take one another into policy consideration (Carlisle and Gruby 2017). If applied to problems of the global commons such as climate change, this concept seems at first to make some sense: There are multiple power centres and authorities that have a common imperative but distinct capacities and areas of responsibility and authority. In devising climate strategies, for instance, there is a necessity to take the actions and interests of one another into account when building a common framework. The emergence of polycentric governance seems to follow

from common global challenges emerging in a context of power shifts. Perhaps this logic explains why, as Sergei Lavrov suggests, “a polycentric world is emerging naturally” (2018).

In regards to security and economic order, however, it is not clear why the great powers would take each other’s interests and policies into account beyond how these factors might serve their own competitive strategic assessments. In particular, it is doubtful that the great powers will agree to have overlapping influence in the geopolitical spaces “between” them. Rather, great powers traditionally have brought states into their exclusive orbits, forced them into neutrality or partitioned them. States “in-between” are subject to the competing centripetal forces of rival great powers’ security and economic interests. The emerging literature

of “overlapping regionalism”, for instance, has found that states who are members of multiple regional organisations are prone to violate the rules and norms of those organisations (Panke and Stapel 2018). Even Vladimir Putin, in his 2014 Valdai Discussion Club Speech, was aware of these challenges and suggested that “the formation of a so-called polycentric world (I would also like to draw attention to this, colleagues) in and of itself does not improve stability.” In Eastern and Central Europe, for instance, China’s growing economic influence is increasingly seen as a potential security concern that some see as intended to divide Europe.

Russia, in particular, seems to be advancing this narrative of an emerging polycentric order. Might it be the case that Russia has an interest in projecting it? As the weakest of the great powers, Russia has an interest in an overlapping polycentric order because firstly it implies that Russia is a great power and secondly it requires other powers to take Russian interests into account and agree to consult with Russia on areas of overlapping concern. Accordingly, a polycentric global order is an aspiration of Russian foreign policy, a vision in which Russia can exercise influence in nearby regions and areas of interest through coordination with its neighbour great powers, such as the US in Europe and China in Asia. If Russia were more powerful, however, it would have no need for, nor likely any interest in, a polycentric order. Rather, without needing or granting concessions to other powers, Russia would more likely construct its own “greater Eurasian order” (Korosteleva et al. 2019).

Finding itself in a weak position between the forces of the US in Europe and those of China in Asia, Russia is forced to play both sides, attempting to diplomatically gain concessions from each in return for its alignment against the other. Russia cannot declare neutrality in the emerging contest between the US and China, because its power is still enough to “hold the balance”—which is why China and the US are jealous of Russia’s potential alignment. But if Russia’s strategies fail to hold the balance, Russia could, at least conceivably, become a vast satellite of Beijing, or less plausibly, Washington. Between the superpowers, Russia will continue to seek concessions diplomatically and negotiate areas of overlap, but where its diplomacy fails and when the superpowers do not wish to make concessions, Russia will continue to split and trouble the emerging order through strategic action. ■

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Is economic nationalism the new face of Eastern Europe?

Cornel Ban and Dorothee Bohle

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Most of Central and East European countries have become export-oriented during the past 5 years.

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Politics shapes economic outcomes but the space for this transformation is not equally distributed. A country's growth regime and position in the international financial hierarchy are decisive for what policies are possible and put a tight straitjacket on this decade's bugbear: economic nationalism. Indeed, Trump may use America "eminent privilege" as the single issuer of the dollar as the dominant medium of exchange, but smaller countries such as the dependent market economies have fewer, albeit not insignificant choices.

Most of Central and East European countries have become export-oriented during the past 5 years, with FDI serving as the orchestrator of this export boom (figure 1). Hungary, for example, is a top performer in Europe, along with other small open economies like the Czech Republic and Slovakia. But even large countries with a significant consumption base like Romania and Poland have left behind the Southern European consumption-led model. These former communist countries are Germany's outsourcing hinterland and without them it's hard to imagine how Germany's large firms and *Mittelstand* would have been able to cope with Asian competition in manufacturing during the past 20 years.

Hungary comes close to an ideal type of this FDI-led growth (and embeddedness into the German export machine). Hungary's exports are concentrated in few sectors, with electronics, transport equipment and machinery taking the lead and increasingly complex auto operations are moved from Western Europe to Hungary despite sharp wage increases there.

The terms of the bargain between the Hungarian state and multinationals can be labelled a mutual dependency: the Hungarian state offers generous investment subsidies, tax exemptions, infrastructure, and a pool of skilled and comparatively cheap workforce, while TNCs deliver investment, expansion of the local activities, continuous upgrading and increasing export competitiveness (Bohle 2018).

Figure 1: Exports of goods and services as a share of GDP



Source: World Bank Data

Unlike Hungary, Romania resembles Poland in that it has a more balanced relationship between consumption and exports. However, as figure 1 shows, even Romania outstrips Spain, Italy and Greece in terms of the export share in GDP. Its reliance for upgrading, exports, jobs and taxes on multinational capital has been significantly increasing since the mid 2000s, with a Hungarian-style bargain with TNCs emerging. For example, two thirds of exports are carried out by multinational corporations, with most of the investment concentrated in car assembly and parts and an FDI-led ITC sector in spectacular expansion (Ban 2019). The areas with the fastest wage growth today are in ITC, auto, chemicals and electronics (*Situația Salariatilor* report, 2019), a trend showing that the economy has shifted up the value-added ladder.

THE END OF ECONOMIC INTERNATIONALISM?

After the 2008 crisis a cacophony of voices in the region began to criticise the transnational power of multinational corporations, with economic nationalist fashions zapping through the political scene. From erstwhile symbols of modernisation and guarantees of liberalism, multinationals were cast in a more nationalist language: heavyweights tilting the level playing field in their favour and hurting domestic capital excessively, tax dodgers, cynical users of state aid schemes. This has been particularly the case in Hungary and Poland but even in Romania, where bipartisan support for multinationals has been the mainstay of politics for a long time, between 2017 and mid 2019 there has been a short spell of economic nationalist rhetoric in some consequential quarters of the government.

Does this signal the end of economic internationalism in the region, 30 years after the end of real existing state socialism? Yes, some of the rhetoric and the real crackdown on banks, retailers or telecom may give credence to this concern. Economic nationalism is not completely devoid of facts. Research has showed that multinationals have a demonstrated reluctance to move high value operations in the area (Nolke and Vliegenthart 2009) and have showed great hostility to policies meant to end the low cost labor model (Adascalitei and Guga 2018; Ban 2019). Even if you cut some of the more flamboyant rhetoric and stick to the facts, you still find that some of this hostility is not just electioneering or the quiet politics of the domestic capital elbowing out by the more efficient operations of transnational value and supply chains. Nationalist sentiment echoed in domestic business conveniently papers over the fact that large domestic firms are very good at tax dodging and only highlights the fact that multinationals do this. Conveniently, serious international research on tax havens such as Zucman's *The Missing Wealth of Nations* 2015

focuses on multinationals, not large domestic firms. This study shows that multinationals based in Hungary hide 25% of their profits in tax havens but there are no numbers of how much large domestic firms hide.

If economic nationalism is real, how much has it hurt multinational capital in practice? The answer has to distinguish between manufacturing and finance, mostly. For all the hype in international media about Hungary and, briefly, Romania emerging as little Trumpistans with voodoo economic ideas, governments in both Hungary and Romania have not dramatically changed the original bargain with the multinationals after the global financial crisis (Ban 2019; Bohle 2018). Manufacturing TNCs are still supported by putatively nationalist governments and generally delivered on their end of the bargain regarding investment, upgrading and particularly exports. Take multinational capital out of the picture and these countries would experience not only a dramatic simplification of their diverse and rich export structure (figures 2 and 3) towards the low value-added end of the ladder. They would collapse as economies. Indeed, with domestic private capital concentrated in construction and services, it is clear that Romania's and Hungary's convergence with "core" Europe on economic complexity could not have happened without multinationals. As figure 3 shows, Romania and Hungary witnessed how countries that started from a comparable position in 1997 (Ukraine) but did not benefit from FDI and remained dominated by domestic capital ended up seeing their industrial base atrophy in terms of value added.

Given the structural power of these firms, rocking the bargain in either Budapest or Bucharest would have been self-defeating. On the contrary, in both countries the state provided manufacturing multinationals with institutional, tax and regulatory advantages as part of the same regional race for attracting capital that shaped East European history since 1989.

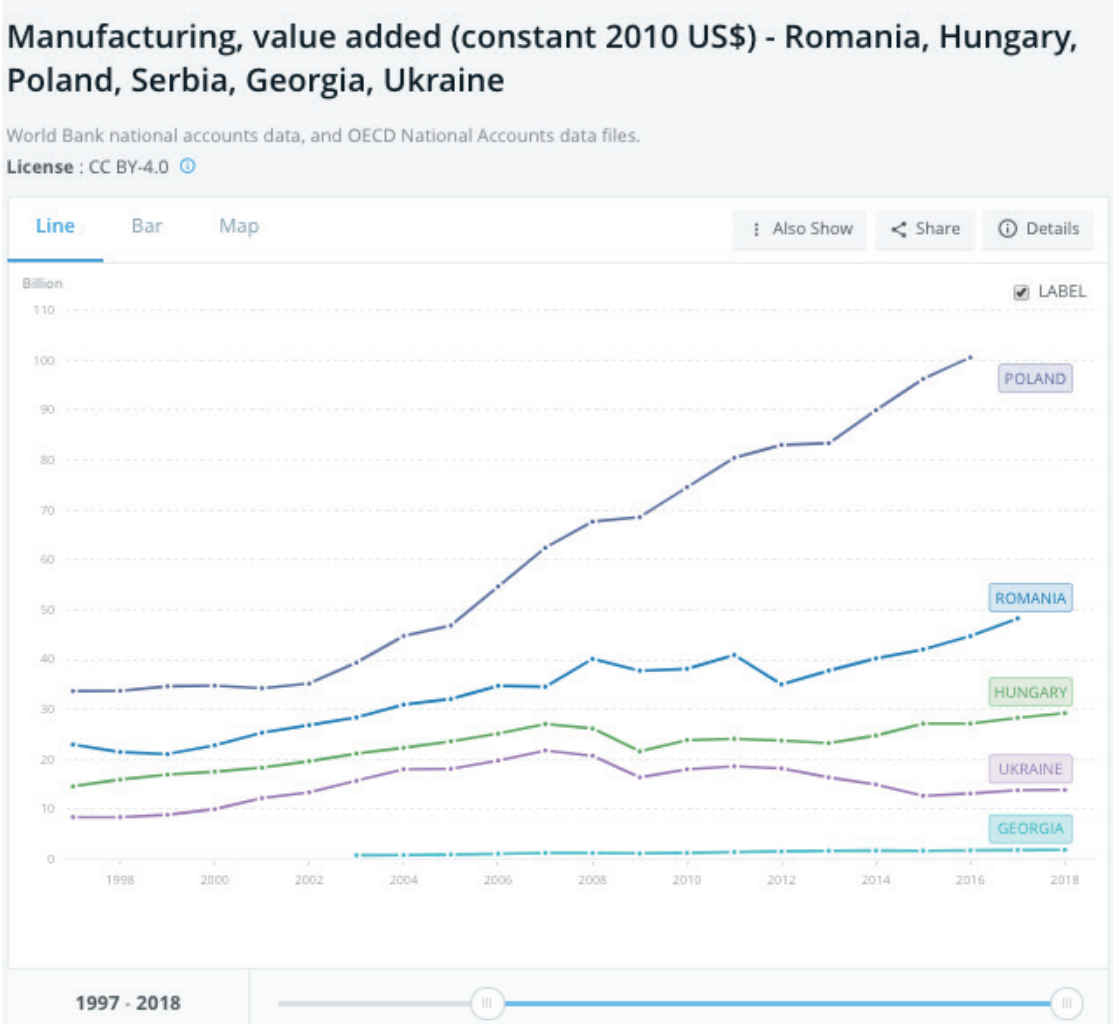
Figure 2: Hungarian exports in 2017

EXPORTS. In 2017 Hungary exported \$107B, making it the 35th largest exporter in the world. During the last five years the exports of Hungary have increased at an annualized rate of 2.9%, from \$93.3B in 2012 to \$107B in 2017. The most recent exports are led by Cars which represent 10.3% of the total exports of Hungary, followed by Vehicle Parts, which account for 5.99%.



Source: Atlas of Economic Complexity, Center for International Development at Harvard University

Figure 4: Manufacturing value added in USD



Source: World Bank Data

In contrast to foreign capital in manufacturing, transnational finance saw the wrath of governments in both countries. But why would it be possible for governments in the region to change the bargain with banks, while this was not the case for the bargain with TNCs in manufacturing? It is to this question the next section turns to.

FIGHTING FINANCE IN EUROPE'S EASTERN PERIPHERY

Based on some scholarship, nationalists should not find fault with foreign-owned banks. Epstein (2014; 2018) argues that foreign-owned banks in Eastern Europe see the region as their “second home markets”, and have consequently heavily invested in the region, developed “long time horizons, high toleration for volatility and were pursuing a mass-marketing strategy in host economies (as opposed to just funding corporations from their home markets)” (Epstein 2014: 849). If it ain't broke, don't fix it, as Americans say.

Yet it turns out that multinational finance has been far from being just an asset. While foreign-owned banks indeed served mass markets, they also set the wrong priorities and heavily mismanaged their business. Exposing Eastern Europe's populations to exceedingly risky credits while paying scant attention to non-financial corporations, convinced policy makers and large swaths of the population that these banks did not deliver important services to the economy. What is more, there was limited upgrading and innovation in financial services, so that domestic banks could easily move into the same market segments. Finally, they have undermined local currencies and sovereign debt situations during the Great Financial Crisis of 2008 (Gabor 2013).

Hungary's Fidesz government was the first to reverse the deal with foreign-owned banks. Starting in 2010, it reduced foreign ownership from 90% to below 50%, reduced the profit opportunities for foreign-owned banks and, most importantly, levied heavy special taxes on bank assets (harder to evade than taxes on profits) as well as a financial transaction levy on the banks, with policy design ensuring that domestically owned banks were protected. As a result of the measures, government revenues increased as a share of GDP. Next, the conversion of foreign currency loans at a preferential exchange rate for debtors ensured

that this financial repression was popular, and to shift some of the costs onto the banks. In 2011, it introduced the possibility to exchange foreign currency loans in forint at a preferential exchange rate for debtors and banks had to pay compensation for unfair interest and exchange rates. Ignored by multinational banks, SMEs benefited from a low interest programme orchestrated by the central bank (Bohle 2018).

While Hungarian financial nationalists successfully challenged the initial bargain with foreign owned banks, Romania's economic nationalists were much less determined during their “honeymoon” period in office (2007). This was despite the fact that the sector did little to reduce its vulnerabilities, and foreign owned banks continued the misallocation of funds towards consumer and mortgage lending instead of supporting the productive sector. Indeed, what drew a lot of discontent from quarters as different as SMEs and politicians was that banks' lending to non-financial firms shrunk for the entire 2008–2018 period and particularly once recovery kicked in after 2012, while lending to households during recovery was one of the strongest in the region. Since the crisis, foreign debt between the subsidiaries of multinational firms and the “mother” firm doubled, reaching 26.8 billion euro in 2017. In contrast, domestic corporate borrowing from the Romanian financial sector was 24 billion euro in 2017. Similarly, pension funds locked their lending portfolios in government bonds (65%) and only a small share of them going in the real economy via equity (20%). In contrast, growing domestic commercial banks like Banca Transilvania did much better than the subsidiaries of transnational banks with regard to granting loans to SMEs and consumers.

Against this background, the treatment of multinational finance began to deteriorate in late 2017. However, unlike in Hungary, change was not a “big bang” of anti-bank measures. Instead, the government took timid attempts that rolled back the space for the market in order to protect

borrowers. Specifically, it started in 2017 with capping real interest rates and penalties in some loan contracts and closed a large tax loophole for banks that made non-performing loan sales tax fully tax exempt. Measures were but the opening salvos of the all-out surprise assault that came in December 2018. Then, with a two year lag the government passed an emergency order (whose preparation had been entirely secret) whose foundations were imported from Budapest: it taxed bank assets if the bank used interest rates higher than the local LIBOR. As in Hungary, the measure was meant to capture more revenue from the banks' large profits (highest returns on assets in Europe in 2017–2018) at a time of fiscal stress and protect critical electorates and firms affected by increasing interest rates. Unlike in Hungary, some of these measures were watered

down, however, for reasons that have to do with the country's position in the bond markets and the balance of power between government, the central banks and the opposition.

CONCLUSION

Apart from a full-on confrontation with finance in Hungary, not much has changed in the region since nationalism returned to the political scene. Chances are that they will try to discipline manufacturing only at the margins, at best. Romanian Social-Democrats tried to pull off an Orbán with the foreign owned banks, pension funds and energy companies but they emerged bruised from the confrontation and their measures were reversed by the Liberal government that came to power in late 2019.

Outside of Poland, where pension funds were effectively nationalised, no one else in the region seems tempted to go to such knife fights with multinational financial institutions.

In many ways, economic nationalism seems stuck and, as the Romanian case shows, it is reversible once its promoters lose political power. Moreover, economic nationalists have not done the harder work of structural transformations that would move domestic capital up the value-added scale without upsetting European state aid rules. More assertive and "smarter" industrial policies and attending bureaucratic elite corps in the state, state-owned development banks, or massive investments in research and development may bolster the capacity of domestic firms to compete globally on a footing with the multinational firms. Not only do these policies take at least a decade to yield results, but this policy combination does not seem to be the priorities of any government in the area, nationalist or not. And even if they were, to date neither states, nor domestic capitalists have the medium-term capacity and money to replace the complex manufacturing and ITC firms that inserted these economies into the global value chains controlled by West European multinational (and heavily German) capital based around manufacturing.

Local politicians keen to extract more from multinational capital and make domestic firms survive competition in 2019 may be determined to carry out their wishes. At the same time, chances are they are not stupid enough to risk Latin America's premature deindustrialisation in trying to do so. ■

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The European contribution to multipolar stability

Benjamin Martill

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We don't yet know whether the emerging order will be more or less stable.

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THE COMING MULTIPOLARITY

The world is swiftly becoming more multipolar. Power is diffusing from West to East as a host of wannabe powers vie for greater global influence than they were afforded under American unipolarity. And, contra development theorists and Washington Consensus economists, power is not accruing to liberal or democratic states but often to countries who explicitly challenge these norms. Multipolarity combines the distribution of power with the emergence of a more plural ideological order.

China is the chief challenger, having developed rapidly in recent decades—so much so that it is now a clear second to the US in terms of global power. Other regional powers, such as India, Brazil, South Africa, and Turkey, are also becoming more powerful and increasingly seeking to influence the course of world politics, often speaking out about regional interests more broadly. Russia, meanwhile, has sought to challenge the alleged dominance of its former partners - the United States and its European neighbours - leading to a tense stand-off in which Russian revanchism confronts American and European interests in a number of areas.

We don't yet know whether the emerging order will be more or less stable. While we equate multipolarity with conflict at present, this may be the system clearing its throat. Transitions between orders tend to be tense, but the dynamics of multipolar politics point in both directions.

On the one hand, the greater fluidity of alliances can lead to greater complexity and uncertainty and increase the fault-lines of conflict (Ferguson 2004). Institutions may be more difficult to maintain without a single hegemon to anchor them and without sufficient buy-in from new actors (Läidi 2014). On the other hand, more degrees of freedom means that conflicts may decrease in salience, as fluid balance-of-power norms work to *prevent* hegemony and conflict (Boucoyannis 2007) while greater complexity creates more demand for institutional management of disagreement.

MULTIPOLARITY AND EUROPE

The implications of multipolarity confront the European states everywhere they look, such as in the declining American interest in European security—following the much-heralded ‘pivot to Asia’—or increased Chinese investment in Europe, including in highly sensitive industries. Europe responds to but does little to shape such developments. In this sense, Europe still finds itself ‘between the superpowers’ (Cox 2017).

Beneath this story of (relative) European weakness lies a series of inhibitors that prevent the continent from realising its strategic potential.

For one thing, Europe lacks the institutional frameworks that allow for the centralisation of foreign and security policy required for decisive, credible, or coordinated action. The continent relies upon NATO for its security and defence, which offers an unwieldy (and highly specific) framework unsuited to the majority of foreign policy tasks. Meanwhile, EU foreign policy and security frameworks remain limited and lowest-common-denominator, which makes collective decision-making in crisis management situations both unwieldy and time consuming.

Divergence between European states also presents a significant problem, since these countries cannot agree on their strategic and foreign policy priorities and instead jealously guard their sovereignty over such decisions. Divisions over Europeanist and Atlanticist frameworks—such as continental or expeditionary force postures, neutral and non-neutral positions, and on a host of other divisions—prevent easy agreement among European countries (Howorth 2019).

European values may also prove uncondusive to a more assertive role. Some quarters of the continent display a laudable—but potentially limiting—aversion to the use of force or even to the recognition of the significance of power politics. The EU, for its part, conceives of itself variously as a civilian or normative

actor (Manners 2002), meaning that those institutions most able to foster collaboration between European countries are steeped in a worldview potentially at odds with the dictates of survival in a multipolar environment.

And then there are issues regarding capabilities. European states may spend more on defence now than they did during the past few decades, but they continue to lag behind other regions. Moreover, defence spending in Europe is characterised by the duplication of resources between member states, failed initiatives in joint-procurement, and a lack of overall coordination, all of which makes it reasonably inefficient at the best of times.

Finally, there is Brexit. The British decision to withdraw from the EU complicates the picture, since it makes collaboration through the bloc’s structures more difficult—politically and institutionally—and since risks introducing greater divergence between former partners than existed before. While the effects of Brexit on security and defence will be mitigated somewhat by the UK’s continued membership in NATO (Martill & Sus 2018), it does not make the articulation of Europe on the global stage any easier.

THE EUROPEAN CONTRIBUTION?

A stronger and more coherent European pole in the international system would require overcoming a number of these limitations. Current initiatives, such as the 2016 EU Global Strategy, which aims to foster convergence on strategic goals as well as to shift the discourse regarding Europe’s aversion to power politics, point in the right direction. Moreover, a number of EU and bilateral initiatives—such as the Permanent Structured Cooperation (PESCO) and the European Intervention Initiative (EI2)—aim explicitly to foster strategic convergence and help European countries project power in an insecure world.

But movement is slow and largely piecemeal. And these initiatives potentially work against one another. Indeed, greater levels of commitment and coordination will be needed in the coming years to make these schemes successful.

This is important not only for Europeans, who understandably wish to protect their interests and safeguard their worldview, but also for the broader international community, since a European pole can also help contribute to a more stable multipolar order.

A stronger Europe would provide a helpful counterweight to American hegemony within the West, preventing the formation of Western and non-Western blocs and facilitating a more fluid balance of power (Biscop 2019). European influence might also prevent more hawkish strategies from prevailing in the United States, which is always a risk associated with relative decline.

Moreover, Europeans have championed both regional integration and region-to-region cooperation (Söderbaum & Van Langenhove 2005), and greater European influence in the world may help to buttress both greater stability within regions and more positive relations between them. Europe's penchant for multilateralism can also help to anchor the institutional frameworks necessary for regulating inter-state conduct in a multipolar world.

Values commonly associated with Europe in world politics, like diplomacy, multilateralism and regionalism may also help inspire greater trust. This is especially the case for the EU, which is perceived as a more neutral actor than the US and many of its own member states, and which has more limited influence on both the global order and internal constitution of other countries' political systems. Even a more powerful Europe might be viewed as less threatening; this perception would have important consequences for the actions of other powers.

In short, strengthening the European pole in international affairs is not only a strategic necessity for Europe, but might also help to bring about a more stable multipolar order. The ball, as always, is in Europe's court. ■

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Concluding remarks

Mădălina Mocan and Megan Palmer

The desk's first annual report offers a two-fold perspective on Central and Eastern Europe: It takes a broader view of how the region's countries experience and are experienced culturally and historically in relation to Western Europe, while also deeply analysing the nuanced social and political developments that here have taken particular shapes, such as the economic nationalism of Poland or Czech Republic, the challenge to become countries of immigration present throughout the region, or the powerful anti-civil liberties movements in Romania and Bulgaria.

The report helps those with a particular interest in the region find better answers to questions asked widely in the public sphere: Will countries like Romania or Hungary become countries of immigration in the next decade? If so, will they be the temporary home of economic migrants from poorer countries from their immediate neighbourhood or from far away regions such as Southeast Asia? How will new demographics take shape given the existing public reluctance to "others" and the many challenges European Union economies are facing? What will be the impact of returning migration in economies that are slowly climbing the value ladder?

Exposed at a faster pace to the realities of political, social and economic liberalism that the West took decades to come to terms with—be it through their relatives who sought jobs abroad or their children studying in cities across Europe—Central and Eastern European societies have recently found themselves amid tense cultural and social shifts. This led some to organise and

advocate for equal treatment under the law while others were taken aback by the perceived too-rapid speed of change. One of the contributions in this report makes the argument that, for example, the failed anti-same-sex marriage referendum in Romania was not so much a homophobic crusade *per se* but rather a reactive positioning to the perceived threat of evolving gender roles; by doing so, it brought together leaders of several Christian denominations and a lot of financial support from foreign faith-based organisations. Movements like these expose an appetite for social and religious conservatism within some of the region's countries—one that is not widely shared in Western Europe.

The economic changes have been equally dramatic. While the region's countries for years welcomed foreign investors, and invited multinational companies to set up factories and play a major role in strategic markets such as energy and transportation, the political changes that brought nationalist "anti-globalist" parties into power in countries such as Hungary, Poland or Romania, had an impact in the financial sector with (successful) attempts to nationalise pensions or significantly tax banking activities (with different outcomes in Hungary and Romania). Beyond the political discourse, the debate on what kind of economic development each of these countries are willing and capable to embrace has broadened: Traditional orthodoxy is challenged not only by nationalist politicians but equally, by a new generation of citizens who have a different, sometimes unexpected, relation with Western values compared with those of the post '89 generation.

In light of the report's analysis of Central and Eastern European economic policies, one might reflect upon how the region will survive the next economic crisis. Indeed, the radical structural changes and severe austerity measures that followed the 2008 financial crash are unlikely to be met with the same kind of political interest and tamed public acceptance we witnessed about a decade ago.

All of these changes happened while the European Union experienced its own crises: the economic bailout of 2008–2009, the refugee crisis and Brexit. What is more, we have seen the death of the bipolar world we came to know during the cold war; our new multipolar order is demonstrated by the fact that a strategic alliance with the United States meets not only renewed Russian strategic interest but also the advancing Chinese interests. Given these challenges, it is worth wondering if the European Union will be able to coherently deepen relations between its member states to present a unified position or if the bloc will face more of the same “paternal” model of interaction we have come to see in Brussel's relations with Prague, Sofia, Budapest, and Bucharest?

This report does not seek to provide comprehensive answers to the many complex questions it raises. Rather, it reflects the ongoing discourse between LSE IDEAS and Babeş-Bolyai University, enabled by the CSEEP initiative. Our collaboration aims to identify and analyse the manifold challenges that Central and Eastern Europeans are facing, and will face, in a rapidly changing world. It is a region that receives comparatively little attention from British universities and think tanks, despite immigration from the region to the UK dominating the Brexit debates, despite the UK maintaining deep political and strategic relationships through transnational organisations such as the EU and NATO, and, finally, despite the region's complex geopolitical relations with Russia, Turkey, and increasingly, China. Our CSEEP partnership will build further upon these discussions and draw from our regional network of scholars, analysts, and policymakers to critically evaluate and better understand this decisive but troubled part of Europe. ■

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Central and Eastern European societies have recently found themselves amid tense cultural and social shifts.

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