

European Union Between the Big Bang and the Big Crunch



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Abstract As the European Union (EU) has been shaken by various challenges such as the economic and immigration crises, Euroscepticism, Brexit, the raise of extremist parties, we consider timely a short overview on the political, social, and economic contexts that lead to the creation of the EU, and on its predecessors. The present chapter provides insights into the enlargements of the EU and it lays the foundations that lead to the current situation in the EU by shading light on the multi-layered causes and consequences of UK leaving the EU. Reflections are made on the clash of national and supranational entities and on political regimes and parties that dominate the EU stage as of the 2014 elections.

List of Abbreviations

EC	European Communities or European Community
ECSC	European Coal and Steel Community
EEA	European Economic Area
EEC	European Economic Community
EMU	European Monetary Union
EU	European Union
Euratom	European Atomic Energy Commission
SEA	Single European Act

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Upon reading this chapter, you should be able to

1. Understand the economic, social, and political contexts existent before the formation of the EU
2. Understand the main events in the evolution of the EU
3. Understand and describe the waves of enlargement of the EU
4. Understand the intricacies and challenges posed by governing such a complex entity as the EU
5. To understand what were the causes of the Brexit and the role played by Euroscepticism
6. To develop arguments on the enlargement of the EU

1 Introduction

The European Union is a unique economic and political union covering 4 million km² created between 28 countries reuniting a 500-million population across the European continent (www.europa.eu). The EU aims at increasing the life quality of its member states and, by extension, of everyone. Attention is given to fields like agriculture and sustainable food (40% of its budget) (Morris et al. 2016) education (the union encourages students to study abroad to prepare them for facing the competition of an international environment and better develop their skills), health, environment, security and external relations, justice, and migration. The EU is constituted around the idea of an internal market (single market) which is the driving economic enabler for the free movement of persons, goods, services, and capital.

So far, the EU has traversed both turbulent and prosperous periods that left visible marks and contributed to the way the Union is looking now. After a slow start when six countries managed to unite and set up the predecessor of the EU, fighting to ensure peace, undergoing several waves of enlargement, and facing the challenge of providing a democratic and transparent administrative apparatus fit for a 28-member union, adopting, and introducing the euro to being awarded the Nobel Peace prize for. Now the union is being confronted with a new series of challenges that are most likely going to take a toll on the entire functioning of the system.

The migration and refugee crisis is what supposedly burdened the whole union in terms of health system, overcrowding, increased crime rate, terrorism, etc., causing another stringent issue and bringing the EU on the brink of rise of nationalism could be conducive to potential extremist doctrines taking over different states within the borders of the EU and endangering its existence. Additionally, the EU is experiencing the first withdrawal (of the UK) in its history which can be regarded both as a setback and an advance in the evolution of the organisation. These circumstances fuel the beliefs of the Eurosceptic. The following sections of the present chapter will tackle the context before the creation of the EU, the setting up of the EU, and

will specifically address two important challenges the EU is up against: the Brexit and the rise of nationalist parties, and the chapter will close with a case study.

2 Political, Economic, and Social Contexts Before the EU

The origins of the idea of a united Europe are not usually traced back to more than immediately after the end of Second World War or, in some cases, to events that happened during the interwar period. However, if we leave behind the political and economic forces have been involved in the creation of the EU we can go much further back in history and see that “the European idea” was advanced by poets, philosophers and artists in their works who have sought to analyse European consciousness long before political actors began to pay attention to the unification of European states (Swedberg 1994).

For Voltaire, Europe was a “great republic divided into several states, all with common religious bases, all with the same legal and political principles unknown in other parts of the world” (Pagden 2002, p. 175), while Kant argued that the European nations were naturally progressing towards a type of federal statehood characterized by a universalist and cosmopolitan moral culture (Tully 2002). However, these philosophic musings would have remained as such without the political support which started to gain momentum in the aftermath of the First World War.

It is commonly accepted that the first solid political movement towards the realization of a unified Europe appeared after the First World War. Pan-Europa, a 1923 political project supported by Richard Coudenhove-Kalergi, an Austrian-Japanese politician and philosopher deemed by most as the father of a unified Europe, sought to create a European federal union which would have been led by France and Germany and would have excluded the Soviet Union due to its authoritarian regime and Britain due to its imperialistic interests (Kühnhardt 2011).

The movement did manage to garner the support of several prominent leaders among which Edouard Herriot and Aristide Briand, two leading French politicians who were involved in the negotiations which subsequently led to the inclusion of Germany in the League of Nations. Thus, in 1925 we find the French Prime Minister Herriot talking publicly about the idea of a United States of Europe, and a few years later, in 1929, the German foreign ambassador Stresemann advancing the idea of European integration and even of a common currency to the League of Nations (Weigall and Stirk 1992).

However, it was necessary for European nations to go through the challenges of the 1940s which meant seeing millions of people die due to mass exterminations or of war, entire societies being disintegrated, the economies of countries going to shambles, and the rise of new regimes in countries all over the world. Thus, it is no surprise that the idea of a EU was the result of political leaders coming to realize and fear the consequences of extreme nationalism which had led to the rise of Hitler’s regime in Germany (Fest 2013). It was necessary for them to see what resulted from the glorification of the national state to concede to reduce their own

state's sovereignty and accept the idea of a supranational entity which would finally bring forth collective peace and economic development. However, the concerns with state rebuilding after the Second World War took precedence over the idea of unification. Germany's economy had suffered an immense shock during the Second World War and at the end it was left in a dismal state: in 1947, per capita food production had decreased by 51% in comparison to 1938, and the industry had lost two thirds of its capacity of production in comparison to 1938 (*idem*). The economy also suffered from labour shortages as most of German workers had been killed during the war.

An important event in the creation of the EU was the concrete move for regional integration in 1947 with the setting up of the Economic Commission for Europe, closely followed by the establishment of the Organisation for Economic Cooperation in 1948 and the creation of the Council of Europe (institution that does not have a formal role in the organizing and governing of the EU, and it not part of the EU institutional framework) in 1949 (www.europa.eu). These events delimited the division of Western Europe into two large camps UK and the countries that later formed the European Free Trade Association (EFTA: Norway and Switzerland followed by Iceland in 1970 and Lichtenstein in 1991), in contrast to Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands which were also referred to as the Original/Inner Six.

Therefore, a corroboration of political, economic, and social factors has led to the necessity of the creation of precursors of the EU and finally of the EU to provide the nations with peace and shelter from the war; a pooling of resources, people, practices; coordination of industries like steel and coal.

3 The Founding of the EU

The idea of European integration started taking shape by means of the Schuman Declaration in 1950 that resulted in setting up the European Coal and Steel Community (ECSC) in 1951 which in nature had as a precursor the French economic planning designed by Jean Monnet (www.europa.eu). The treaty came legally into force in 1952 and it expired in 2002, 50 years after its entering into force. In pursuit of European peace, the ECSC was an optimal solution and had as spillovers the controlling of Germany's armament because of industry coordination (Mikkeli 1994). The step taken by the signatory states, France, West Germany, Italy, Belgium, The Netherlands, and Luxembourg (the latter three also referred to as Benelux countries) of the ECSC was grand and required political courage to give up national aspirations and agree to share and exercise their powers in common. Subsequently, the governments of the Original/Inner Six proposed the establishment of a general common market and an atomic energy pool which were established by the Treaty of Rome in 1957, being enforced in 1958 (www.europa.eu). Therefore, this treaty created two entities: the European Economic Community (EEC) and Euratom (European Atomic Energy Commission). Among the three (ECSC, Euratom and EEC), the European Economic Community became dominant

and it was renamed European Communities or European Community (EC) which embodied both Euratom and ECSC, ensuring higher integration for transportation and agriculture policy areas (www.europa.eu).

UK stayed away from the Community in consideration of its nationalist interests, until the 60s when it applied for membership, but by that time the French President Charles de Gaulle regarded the potential membership UK as a threat. This opposition of the French ended with the resignation of the French President and with the threat posed by economic growth that Germany started to accumulate (Marcussen et al. 1999).

In 1973, three more countries managed to join: UK, Denmark, and Ireland and their joining the EC overlapped a tumultuous period characterised by staggering unemployment, excessive inflation and stagnant economy which would only recover and improve by mid 80s with the previous introduction of European Monetary System (EMS) as a mechanism for cooperation in the monetary policy (Dinan 2004). UK was regarded as a potential alleviator of the economic situation of the EC.

On the other hand, countries such as Portugal, Greece and Spain were liberated dictatorship regimes and as they were in search of preserving the newly acquired democratic statuses, they found a solution in joining the EC and the EC wanted to be precautious, and in 1981 Greece became a member, closely followed by Spain and Portugal in 1986 (Bache et al. 2014). In 1985, Greenland was given the home rule by Denmark and this is the moment when a part of a member state withdrew from the Community (there is another example with Algeria which after getting its independence from France in 1962) (Tierney 2013). But the year 1986, besides bringing Spain and Portugal as members, meant also the introduction of a Single European Act (SEA) (www.europa.eu). Regarded as the first treaty reform in EC and an important pivot in the history of the Community, the act leveraged on economic and social cohesion promotion to compensate for the previous period and in this respect the member states were urged to achieve single market by 1992 and they were pushing forward plans for a monetary union. After the end of the Cold War (which brought a new player on the EC stage—East Germany that reunited with West Germany—this new member was assimilated by Germany without resulting in an increase of the number of member states, but in a territorial/population increase), the countries were pushed towards developing a common foreign and security policy which in connection to the monetary union became the main matters of negotiations of the Maastricht Treaty (www.europa.eu). In this stance, the European Community/Communities were becoming the EU, a potential rising global power that could only function under the political unification necessary to support its economic welfare development. An organisation with such a numerous and varied membership would be very different from the EEC formed by the Inner Six leading to pursuing the questions of enlargement upon the finalizing of the Maastricht Treaty and agreement upon new financial and budgetary arrangements for the existing member states.

The next set of EU enlargements brought along a unique challenge, since it was without precedent in terms of scope and diversity: the number of candidates, the

area (increase of 34%) and population (increase of 105 million), the wealth of different histories and cultures (www.cursuri-jean-monet.ase.ro). A single set of trade rules, a single tariff, and a single set of administrative procedures will apply not only just across the existing Member States but across the Single Market of the enlarged Union.

The year 1995 brought new members in the EU: Austria, Finland, and Sweden. They could not have joined before the end of the Cold War for them being neutral would create a strong mismatch between their political position and the one of the members. The prospects of bringing richer members to aid balancing the budget of the EU were more preferred to the prospects of bringing poorer countries. In the period to come, the EU was exposed to incredible challenges raised by the monetary union which was finally accomplished in 1999 and required from its member states very harsh economic choices for being part of it (UK had an opt-out negotiation exempting this country from adopting the euro as its currency). In all this turmoil, newly independent countries were seeking to become members in the EU, but they had different drawback that interfered and delayed their joining: low economic development and precarious administrative capacity. In the event of receiving new members, the EU elaborated two new treaties: The Amsterdam Treaty and the Nice Treaty (www.europa.eu). As so far, the EU did make any radical changes to its institutional apparatus, it now became aware of the urgency of these changes to reduce the gap between the Europeans and Brussels.

In 2004, ten new countries made their way to the EU and managed accede: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia, Malta, and Cyprus. This enlargement was solving on the one hand the problem with the disillusionment with the EU, but on the other hand it fuelled constant conflicts between national and supranational, differentiation and unification and did not manage to solve them but only to provide them with a framework of manifestation in pursuit of harmonisation. Moreover, the EU has gone through ups and downs along history and has achieved what it is today given the resistance to change and the need to change brought about by each enlargement (Weidenfeld and Janning 2004), the problems that it faced and the reforms that it needed in counteracting them. The EU faced challenges in sustaining the convergence on both political and economic matters, therefore it was subject to institutional changes as it needed to accommodate ten new members, rendering the policies and institutions of the formerly Six as obsolete. The EU had to adapt for it was becoming a conglomerate of countries which were very different one from another from ethnicity, religion, economic development, historical experiences, language, and conceptions of nation and policy structure stand points (Fella 2002). This enlargement has the most significant one in terms of people, number of countries but not a prosperous one from an economic point of view.

Despite being on the list of the countries which were to accede in 2004, Romania and Bulgaria have only managed to enter the EU in 2007 because they did not fully comply with criteria required by the EU. They are still working to attain complete integration and join the Eurozone. The economic crisis in 2008 has not only endangered the EU but also the Eurozone as it surfaced the cracks of the

Table 1 EU enlargement in a nutshell (Source: Authors' own processing)

Year	Countries	Event	Number of countries
1951	France	Founding	6
	West Germany		
	Italy		
	Belgium		
	The Netherlands		
	Luxembourg		
1973	UK	First enlargement of EC	9
	Denmark		
	Ireland		
1981	Greece	Second enlargement of EC	10
1986	Spain	Third enlargement of EC	12
	Portugal		
1995	Austria	Fourth enlargement of EU	15
	Finland		
	Sweden		
2004	Czech Republic	Fifth enlargement of EU	25
	Estonia		
	Hungary		
	Latvia		
	Lithuania		
	Poland		
	Slovakia		
	Slovenia		
	Malta		
	Cyprus		
	2007		
Bulgaria			
2013	Croatia	Seventh enlargement of EU	28

European Monetary Union (EMU) mechanism signalling a potential landmark in disintegration or a diversion in the direction a federal state (Patomaki 2013). The last enlargement took place in 2013 when Croatia joined the Union. Table 1 presents the formation of the EU in the context of the seven enlargements it has gone through.

The EU as we know it today has evolved tremendously as compared to its predecessors, but it preserved some traits: the idea of economic integration, the concern in relation to the dominance of Germany, the British detachment (see the Brexit subchapter) and it still suffers from small-country syndrome (the fear small member states feel related to being dominated—hegemony). As reported by Ec. Europa.eu, the following countries are candidates for new EU expansion: Albania, The Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Turkey;

while countries such as Bosnia and Herzegovina and Kosovo have been promised the prospect of joining the EU as soon as they are ready to do so therefore their current status is of potential candidates.

The following foreseeable context led to high concerns being raised the European Commission: in 1900 Europe used to account for 25% of the world's population, and by 2060 it will account for less than 5%. Additionally, Europe's GDP will plunge on a downward slope from 22% currently to 20% by 2030, demographically speaking Europe will be the oldest in the world (45 years, second being North America—40 years old) (European Commission 2017). The European Commission is preoccupied concerning the future of the EU in terms of unity and it made some projections on how the union will evolve in terms of “impact of new technologies on society and jobs, to doubts about globalisation, security concerns and the rise of populism” and it delivers five potential scenarios that make a compelling case for unity: Scenario 1: Carrying On—the changes would be in reinforced security that would require citizens Scenario 2: Nothing but the Single Market, Scenario 3: Those Who Want More Do More—certain member states want to work commonly in specific policy areas, Scenario 4: Doing Less More Efficiently, Scenario 5: Doing much more together—in this case the Single Market will strengthened through harmonisation of standards and stronger enforcement and trade will be exclusively dealt with at EU level; Economic, financial and fiscal Union will be achieved as envisioned in the report of the Five Presidents of June 2015; cooperation on border management, asylum policies and counter-terrorism matters will be systematic; the EU speaks with one voice on all foreign policy issues; a European Defence Union is created; the EU budget will become significantly modernised and increased, backed up by own resources and the euro area fiscal stabilisation function will become operational; Decision-making will be faster and enforcement stronger across the board (European Commission 2017, p. 25—www.statewatch.org). In the end questions of accountability could arise for some who feel that the EU has taken too much power away from the Member States. What stands out in this white paper is the fact that the Commission fails to discuss the potential enlargement or contraction of the EU throughout this period and we regard it as flawed since the Union is expected to remain constant in terms of membership.

4 Challenges Currently Faced by the EU

4.1 Brexit, Its Consequences, and Euroscepticism

Ever since its inception, the EU has smoothly gone through its stages of economic integration: free trade area, customs union, common market, economic and monetary union. When the union seemed to make its way towards complete economic integration, the referendum that took place in UK in 2016, which ruled in favour of the withdrawal of the country from the EU, placed the future of the whole union

under jeopardy by creating a precedent (both from administrative and socio-psychological perspectives) in terms of withdrawal, disregarding the particular cases with Greenland and Algeria.

Will this situation trigger further chain reactions? Apparently, the Netherlands and Denmark contemplate the exit from the EU as a feasible endeavour. In France, where opposition to the EU is far greater than in the UK, the current runner for presidency campaigns on a “Frexit” plebiscite. There have been constituted anti-EU, anti-U.S., and pro-Moscow parties to push for similar votes as the Brexit across the bloc. A new study from the European Council of Foreign Relations found these parties are lobbying to hold 32 referendums, which the think tank described as “a tidal wave of popular referendums (Tolhurst 2016) overburdening the bloc that already faces slow growth, terrorism and migration on a large scale.

The crisis from 2008 could have also acted as a catalyst for the potential disintegration of the union, the crisis posing severe problems in terms of real convergence among member states and considering their limited ability to respond to various challenges. The difficult situation has also given rise to euro-sceptics since some member states are still struggling with economic and social problems (Radu et al. 2014). Should this be hailed as the beginning of the disintegration of the EU? Do European states afford to give up the advantages resulting from belonging to a strong Union? Can they keep their competitive advantages acting as individual powers in the current globalized international context?

Before answering these questions, we must be aware that the financial crisis should not be the only one to blame for this situation since studies have confirmed that there is a checked negative correlation between immigration and Euroscepticism which translates in the fact that the tougher the position on immigration the less likely the support for EU integration which was also the case of the UK (Van Wolleghem 2016). Since its beginnings, the EU has had its shares of detractors and critics. Hard Euroscepticism can be defined as the outright rejection of the idea of a European political and economic union coupled with the opposition to one’s country joining or remaining a member of the EU (Taggart and Szczerbiak 2004). Increased Euroscepticism has been found to be a dramatic consequence of increased levels of income inequalities (Kuhn et al. 2016). However, there is also a softer side of Euroscepticism which involves the rejection of measures intended to increase the scope of EU’s competencies or of particular EU policies which are deemed damaging for one’s nation at a certain time.

In 2016, the citizens of UK made a sovereign choice and decided to leave the EU. The decision the country took can be regarded as a constitutional change for the UK and also as a rupture from the EU (Pisani-Ferry et al. 2016). The UK has had its long-standing share among the Eurosceptics ever since the beginning of the Union when it refused to become part of it sustaining its imperialist/national interests which will further interfere with the EU integration repeatedly. In 1980 65% of the UK voters were against EU membership while only 26% were in favour, also in 2011 as immigration started increasing, people turned increasingly against the EU (Menon and Salter 2016). Concerning the Eurozone, UK adopted an opt-out clause

to protect its right of having its own currency different from that of the euro. So far, no independent country has left the EU.

Immigration policy may have been one of the Brexit main causes (Wadsworth et al. 2016) which in its turn was caused by the freedoms of movement (core principles of the EU)—goods, capital, services, and people—these freedoms threatened the borders of the UK that lack control over them, the mass movement of people overburdens public services and leads to doubtful quality for public services for the citizens. What is overlooked by many is the fact that immigrants from European Economic Area (EU, Iceland, Lichtenstein, and Norway) contribute to the fiscal system with 34% more than they took leading to the affirmation that they overpay for the public services (Dustmann and Frattini 2014).

Exiting the EU would leave great yawning gaps in various fields of the UK's policy system. As the country leaves the EU, all EU directives and regulations will become ineffective. The government must make substantial efforts to pass all necessary legislation before leaving and an alternative would be to transpose the EU legislation into national legislation. Competition policy and international trade negotiations will be affected because UK does not have the necessary required skills and competencies to deal in this area (Dhingra and Sampson 2016). Moreover, another immensely affected sector would be that of agriculture, the Common Agricultural Policy not being an option for the UK anymore resulting in substantial losses for the farmers. The EU has provided UK with strong funding framework for ensuring collaborative health research and the withdrawal of the country will result in losing its voice over health policy making which has so far been beneficial for the UK (McKee and Galsworthy 2016). UK is one of the most consistent beneficiaries of research and innovation funds and in this context, the country is bound to lose. In terms of foreign direct investments (FDI), they will decrease and they will affect the national income of UK. With respect to the car industry, the effects of the Brexit can be critical since trade costs increase (caused by losing the removal of tariff barriers), production in this country will be unappealing as it would result in higher costs for shipping within the EU, and transfers of resources, research, and development and even people between the parent company and production plants will become costlier (Dhingra and Sampson 2016). A major concern comes from English citizens who reside and work outside UK, and from European citizens who reside and work in the UK whose statuses are uncertain at the moment. On the other hand, security and defence do not lie at the intersection of national and supranational competences since UK built a strong bilateral partnership with France and it mostly relies on NATO (Heisbourg 2016).

There are many decisions that the country must make and among those decisions, UK also needs to ponder on the kind of relationship that it wants to carry with the EU. As the UK was part of the Single Market, a way of still remaining a member is for it to join the European Economic Area (EEA) though economically less costly than being a member of the EU, joining the EEA also means complying with a set of EU rules in the conceiving of which the UK has no power of decision. The country may opt for making new trade agreements. As it has been the case before, UK has to face the making a choice between economic benefits and political sovereignty. On

the one hand, UK leaving the EU could irrevocably scar the image of the Union, but on the other hand it could contribute to a closer than ever Union by taking out a so much privileged member that did not fancy that much European integration.

4.2 The Rise of Nationalism Across the EU

The present subchapter will analyse the rise of nationalism across Europe. In the middle of the migrant crisis, sluggish economic growth and enhanced disillusionment with the EU, far-right parties—some longstanding, others newly formed—have been achieving electoral success in several European nations. The main parties which have caught the attention of the journalists are: Germany—The Alternative for Germany party; France—National Front; The Netherlands—Party for Freedom; Greece—Golden Dawn; Hungary—Jobbik; Sweden—Sweden Democrats; Austria—Freedom Party; Slovakia—People’s Party-Our Slovakia (New York Times 2016).

There are two fundamental reasons for which voter support of the far-right parties has seen an exponential hike: dissatisfaction with the EU (based on the ongoing enlargement of the EU, while national loss of sovereignty) and a fear that immigration is threatening economic growth (Khader 2014). Also, the names of the parties reflect an appeal to sovereignty: UK Independence Party (UKIP); the Freedom Party of Austria; and France’s National Front. In comparison with the parties that have dominated the European Parliament landscape, these new have formed around the idea of nationalism which is a major differentiator between them and the ones on the right and left. In the context of the ever increasing far-right parties’ popularity, electors feel that the partnering with the EU has meant conceding their individuality as a nation and their power (*idem*). Therefore, the question is: Which are the future trends of the political European platform based on present data and what are the economic consequences of these findings?

What 2016 has taught and cemented in analysts around the world is that voters do not decide based on numbers, logic, facts, and common sense but more on feeling, sentiments, and traditions (Arzheimer et al. 2017). As it is obvious from the Brexit and the US elections, people have chosen candidates that have a more nationalistic agenda because they are dominated by a basic emotion which is fright. Nonetheless, there are other causes that could have contributed to the Brexit such as xenophobia, austerity, and dissatisfaction with politics and recent studies have revealed that UK ranks 28 out of the 28 EU countries for European identity whereas it ranked 26 out of 28 for trust in the EU, being one of the least well-integrated countries, moreover, geography could have also played an essential role in this decision since the country is an island (Dennison and Carl 2016).

As the world gets increasingly connected, economic inequality becomes more and more unequivocal as revealed by the gap between the rich poor which has widened in the last decade (Kuhn et al. 2016). The digital world has brought upon the age of fake news and post truth, where people’s perception can be and is easily manipulated. This has led to uncertainty, fear and economic insecurity which represent the variables that leave room for a very thriving context for these



Fig. 1 Rise of nationalism in Europe: results of most recent national elections in 2014 (Source: Authors' own representation based on BBC (2016))

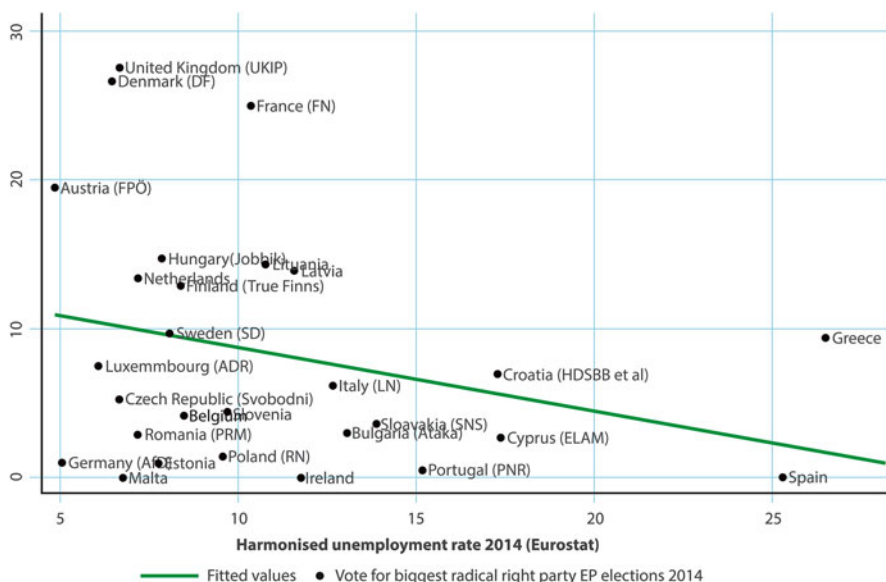


Fig. 2 Unemployment and far-right parties' elections 2014 (Source: Authors' own representation based on Cochrane and Nevitte (2014))

far-right parties to flourish, followed by possible upheavals and conflicts which may arise between the new and old regimes. The following map shows the percentage of far-right parties in the European Parliament from different countries in 2016 (Fig. 1):

Based on the information from the map, the countries that have the largest percentage of far-right nationalists in the European Parliament are also the countries that were most severely affected by the refugee crisis of 2014–2015, additionally these are the countries that have the highest number of asylum seekers in Europe (Eurostat 2017).

The scatterplot (Fig. 2) shows the share of votes for the biggest far right party in each country from the EP elections 2014 on the y axis and the harmonized unemployment rate on the x axis. There is a small to moderate negative correlation

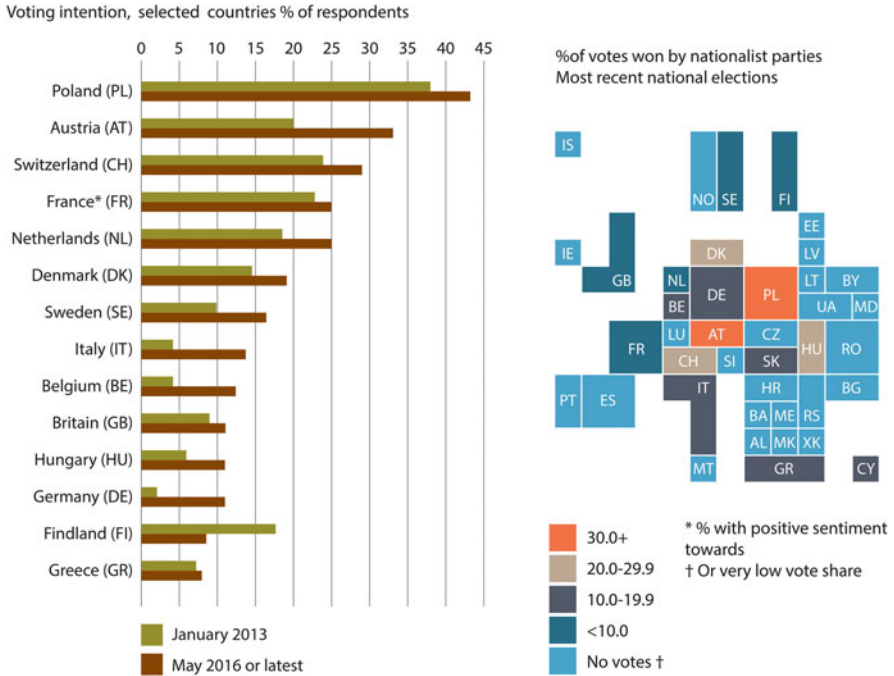


Fig. 3 Support in Europe for far-right parties (Source: Authors’ own representation based on The Economist (2016))

between the two variables revealing that the lower the unemployment, the larger the far-right vote becomes. What is an outlier in this is that strongest far right parties are in the countries that are prosperous and have gone through steady well developed.

On the other hand, German politics has been shaken up by Alternative for Germany (Ad), a right-wing party launched in 2013 by economists who strongly opposed the euro (Treib 2014). Under its leader Frauke Petry, the party has drawn ever more support by rallying against immigration. The AfD’s success has been interpreted as a sign of discontent with Chancellor Angela Merkel’s open-door policy for Syrian refugees and this policy may have endangered the lives of German citizens (Verkaik 2016) or could have burdened the economy (Melin 2016). Last year Germany took in a record 1.1 million asylum seekers, many of them Muslims from Syria, Iraq and Afghanistan (Fig. 3).

On May, the 22nd 2016 Europe came within 31,000 votes of electing its first far-right head of state since 1945. Norbert Hofer of the Freedom Party of Austria (FPÖ) only narrowly lost out to Alexander Van der Bellen, the former Green Party leader, in his country’s presidential election. Such a near miss, by a politician who would have previously been dismissed as a fringe candidate (www.economit.com), is a sign of turbulent times that we are witnessing. Across the continent right-wing populists are on the march.

We can grasp the fact that far-right parties are going through a surge and this brings bad economic prospects, as these parties are not supporters of international trade and free movement of goods and people (Geddes and Scholten 2016). History has shown that these kinds of extremist parties are not well prepared in monetary and fiscal policies and that they are violent triggering conflicts (Mudde 2007). A relevant example of such actions was followed by the economic crisis in the 1920s resulting in The Second World War.

Ever since the existence of the EU, there has been a negative feedback from political and financial experts and the public opinion. Extremist European parties have always been against what the EU has to offer. A possible solution for this problem would be finding the middle ground, as there should be a balance between the far-right ideology and the majority. Moreover, the problem of rising extremists around Europe could also be accentuating the advantages and opportunities that globalization holds, by making people realize how important the free movement of goods and people is in keeping and developing the existing lifestyle, the political leaders can gain the necessary support to create new policies that incorporate the level of safety and wealth needed for a better future.

Questions and Activities

1. Elaborate on the backgrounds that lead to the formation of the EU as we know it today. Has the EU become an obsolete idea?
2. Eastern European immigrants have sought employment in western European countries for decades. But the current economic environment has compounded the tension felt by western Europeans as eastern Europeans are securing jobs whether coveted or not in their countries.” Explain and comment upon this statement in the light of the challenges currently facing the EU.
3. “The euro is seen as the first culprit in this European economic shipwreck, as the far-right parties claim is proved by the fact that the Eurozone has the weakest growth rate and the highest unemployment level in the world. Therefore, some parties see the exit of the euro as the only solution to saving their country from bankruptcy.” (www.robert-schuman.eu). Do you agree with this statement? Provide at least three arguments to sustain your opinion.
4. Rising extremist parties have been reported as a problem. How could you solve this?
5. Is the status quo of the EU a problem? Explain.
6. What are the economic, social and political merits and flaws of the Pro-EU and Anti-EU movements?
7. Are there any feasible underlying strategies for the development of the national states behind the populist discourse of the Eurosceptics? To solve this requirement, you need to conduct individual research and provide a 2-page single spaced opinion essay on the topic with at least 5 academic references.
8. Which are some possible advantages of acting independently (in the context of exiting the EU) from an economic, political, social perspective?

9. Should we anticipate a new economic and political configuration on the international scene? Formulate 5 hypotheses and provide one argument and one counterargument for each.
10. Which are the implications of the current ongoing events in the EU for external stakeholders? Identify the current situation in the EU and the stakeholders of the EU.

Case Study: The Partial Secessionist Movements in Europe: The Case of Catalonia

In the current European Union, we can observe regions, such as Catalonia and the Basque Country in Spain and Corsica in France, and countries, such as Scotland in the United Kingdom which have shown a continuous quest for independence of their country or their kingdom (Lehning 1998). However, most of them are in favour of their continuing in the European Union. This dichotomy between the secessionist movement of its current national structure (their country) and the desire for continuity in its supranational structure (European Union) has drawn attention to many social researchers.

Catalonia is an autonomous community of Spain, located on the north-eastern extremity of the Iberian Peninsula. It is designated as a nationality by its Statute of Autonomy. The capital and largest city is Barcelona, the second-most populated municipality in Spain and the core of the seventh-most populous urban area in the European Union. Barcelona is a major international cultural centre and a major tourist destination. On the other hand, Catalonia is situated between France and Andorra (North), the Mediterranean Sea (East), and the Spanish autonomous communities of Aragon (West) and Valencia (South). The official languages are Catalan, Spanish, and the Aranese dialect of Occitan.

After 36 years of Franco's dictatorship (also called Francoist Spain), where the use of Catalan was banned in institutions and public events, and the self-government were abolished, the Spanish Constitution of 1978 returned the political and cultural autonomy to Catalonia (Preston 2012). The article two of the Spanish Constitution of 1978 reveals the balance between the unity of Spain and the recognition of the historical nationalities of Catalonia, Galicia, and the Basque Country (Spanish Constitution, Article 2); however, it looks that this balance has disappeared in the last years.

The Catalanism is a movement that appeared in the 1950s (Gray 2014) and focused on getting self-governed. Although Catalanism has been a barely visible movement in the Catalan society since the Spanish Constitution of 1978, several political parties have supported it continuously, such as Esquerra Republicana de Catalunya (Republican Left-Wing of Catalonia) and Convergència i Unió (Right-wing of Catalonia). An example of the lack of social support during some years to the Catalanism was when Esquerra Republicana de Catalunya failed to win any representation in the national election to the Spanish Parliament in 1986 (Eichert 2016).

In 2006, the Catalan society approved a new Statute of Autonomy of Catalonia by referendum, which was contested by different sectors of the Spanish society, which sent the law to the Constitutional Court of Spain. Four years later, some of the articles that rendered the Catalan System of Justice autonomous, were declared null by the Court. Additionally, the symbolic declaration of Catalonia as a nation was declared void as well as the new territorial division and the status of the Catalan language. This decision was one of the main factors which re-triggered the Catalanism movement (Guibernau 2014).

On the other hand, when the economic crisis in Europe broke out in 2008, Catalonia's drive towards secession increased (Gray 2014). The Spanish financing system requires each region to pay to the central government a tax based region's economic success to ensure that it can help regions that may face high debt levels. In 2010, it was reported that Catalonia was paying 23% above the mean and over-distributing its resources to assist other Spanish regions (Gray 2014). According to the Statute of Autonomy of Catalonia, the Spanish pending debts to Catalonia were 759 million euros for 2008 and 219 million euros for 2009.

In 2013, Catalonia had 23.85% unemployment, which shows the effect of the economic crisis on the Catalan society. The loss of competitiveness, lack of resources, the accumulation of an annual deficit of 8% of GDP, and the financial arrangements imposed by the Spanish government were the second main factor which triggered Catalanism (Guibernau 2014). However, the desire of the majority of Catalan society to continue in the European Union did not change.

The peak of Catalan movement occurs on November 9, 2015, when the Catalan lawmakers approved a plan for secession from Spain by 2017, which was suspended by the Spanish Constitutional Court a few days later. According to Guibernau (2014), three main factors which explain the recent rise of secessionism in Catalan society are: (1) the lack of response to demands for greater autonomy, (2) the Spanish high court sentence against the 2006 Statute of Autonomy, and (3) Catalonia's fiscal deficit with the central administration.

But, which are the main implications of a Catalan secession? Oskam (2014) analyses three elements: The secession procedure, the economic impact, and the EU-membership. Several studies developed by the Catalan government (e.g. Consell Assessor 2013) suggest that the Catalan society has the right to decide its self-determination according to the general and democratic principles according to the European and international law. However, the Spanish Constitution of 1978 would require the consent of the central state. On the other hand, it is not clear who has to decide the self-determination according to the current jurisdiction: just Catalan citizens or all Spanish citizens.

Castells (2014) suggests that the independence of Catalonia could provoke the 'Border effect' which might decrease trade between Catalonia and Spain. Some figures suggest a reduction of 3.3% of the joint GDP of Catalonia and Spain (9% decrease in Catalan GDP). This situation during an economic recovery process could have repercussion both the medium and long run.

The third implication is undoubtedly one of the most worrisome to Catalan citizens: EU membership. The majority of Catalan citizens are pro-Europe, and do

not contemplate the possibility of ceasing to be members of the European Union. Here it is one of the main dilemmas of secession. While supporters of the secession wish to leave the Spanish state (their current national structure), they wish to remain part of the European Union (their current supra-national structure). Meanwhile, “the legal debate is centred around the question whether a seceded territory ceases to be a EU member and therefore must apply for accession according to Article 49 of the EU Treaty, or if the border changes would lead to a treaty amendment for the territories that formerly integrated the EU member country, as established in Article 48” (Oskam 2014, p. 58). This debate is not just legal, but also political. On the other hand, not being part of the European Union would imply an immediate and long-term decline of foreign investors, which would have disastrous effects on the financing of companies located in the Catalan territory (Castells 2014).

Questions

1. Reason and justify whether a region which gets independent from a country of the European Union should continue to be part of the European Union or not. If your answer is yes, under what circumstances or conditions?
2. What social consequences would the Catalan independence have for Catalan citizens without being part of the European Union?
3. What social consequences would the Catalan independence have for Spanish citizens?
4. If you were the President of the Spanish Government, how would you act in the situation previously described?

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