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The Future of Decadent Europe

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The conventional wisdom holds that Europe today is economically or socially dysfunctional. In this view, Europe, with its long vacations and generous pensions, is in many ways a better place to live than the United States, but that can not last. Even if the European social model is desirable, it is unrealistic and sooner or later, doomed. This assertion of Europe's doom derives from the association of technological change and globalization with inevitability or necessity. The protected economies of Europe that we have grown so used to will no longer be possible—like it or not this change is going to be upon us. We can see the future because we can see the shape of the economic present.

History, however, provides some caution on that subject. If, in 1905, we—we economists, we political observers—asked ourselves what do we know about the next century on the basis of what we think we know about the present, what would we conclude? Well, three widespread assumptions were made in 1905 in Europe.

The first, famously, was that large-scale war between states would never happen again. The economic, moral, and human cost of war would make it politically impossible for a state to go into that kind of war and stay in it. And that assumption, of course, remained in force until 1914.

The second assumption that everyone made was that the 20th century was not going to be America's century; it was going to be Germany's century. Indeed, even after the fact, Raymond Aron pointed out how striking it was to those of us who lived in the 20th century that it did not turn out to be Germany's century when it so obviously ought to have been.

The third assumption was the widespread idea that the age of nation states and nationalism was over. The term "globalization" did not yet exist in 1905, but the concept most certainly did. Thus, for example, the introductory paragraphs of Keynes's *The Economic Consequences of the Peace* (1919) talks about the kind of world that was available to a London businessman in 1910—a world of steamships, trains, telegraphs, telephones, rapid trade, rapid movement, the breaking down of tariffs and barriers and so on—in terms that are quite familiar to globalization

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advocates today. In this "globalized" world of 1905, the notion that independent nation states might spring up on the basis of nationalist movements seemed terribly passé.

Not until 1916 did Tomas Masaryk, who went on to become the first president of an independent post-World War I Czechoslovakia, abandon the belief, widespread among Central Europeans at the time, that the Hapsburg Empire must survive because the logic of economics dictated the largest possible economic space. He could not imagine putting up tariffs and customs and barriers between Prague and Vienna in an economy that was increasingly internationalized. Only after World War I, or late into it, did he come around to that view.

These assumptions about 20th century turned out to be wrong not because they misread the economic structure of their time, but because they used economic logic to make political predictions. Indeed, the lesson of those years is, first, that we should resist the temptation, often attributed to Max Weber, to find necessity or even inevitability in any particular political moment; and second, that we should all be wary of becoming enslaved, as Keynes once warned, to defunct economists. When we assume the necessity of efficiency and the inevitability of economic primacy in the shaping of our future, we are slaves to 19th century economists, including, of course, Karl Marx.

The Primacy of Politics

Rather than focus exclusively on efficiency, we need to pay a little more attention to politics. Whatever the logic of the inevitable pressure of the market, Europe will never win the race to the bottom in the effort to be competitive with China or even the United States. Most Europeans today have lived for too long in a post-ideological or, perhaps, a post-political era. We have forgotten what it was like before, how fragile the Western consensus of the past few decades really was. Commentators and pundits, particularly in the United States, ignorant of the past or too young to recall it, happily reference Munich and Yalta at the drop of a hat. But they are not normally able to explain why European welfare states came into being after 1945.

The European state after 1945 transformed itself quite rapidly from a tax-raising, military-spending machine of the kind it had been since the 17th century into a social state, spending huge amounts of money on health, education, pensions, housing, welfare, and public facilities. The state was doing something quite new. But it was not doing this because there'd been some sort of socialist revolution. Their efforts were essentially prophylactic; an attempt to prevent a return to the past. The liberal welfare states of Europe were not built as a vision of a utopian future; they were built as a barrier to Europe's 20th century as it had just been experienced.

Bear in mind that most of the men who built the welfare states in Europe were not young social democrats. Most of the people actually implementing this program after 1945 in Western Europe were Christian Democrats or liberals rather than socialists of any kind. Indeed, they were old—very old—liberals. William Beveridge, who wrote the famous 1942 report that became the basis of the British welfare state, was born in 1879. Winston Churchill, the man who commissioned that report, was born in 1874. Clement Attlee, the prime minister who actually implemented it, was born in 1883. The story elsewhere in Europe was the same: the men who actually invented the post-war states went back a long way. They included people like the senior administrator Raoul Dautry, born in 1880, who ran both the railways and the health ministry;

Robert Schuman, Jean Monnet, De Gasperi, the fathers of the European Union, born in 1886, 1888, and 1881 respectively; or Luigi Einaudi, the president of Italy, born in 1874.

All of these men were adults before 1914. They had grown up in the Edwardian generation of late 19th century reformists, but they also remembered a Europe before the catastrophe, before the cataclysmic events of 1914-45. They saw themselves as realizing not only the completion of the great liberal reform projects of the end of the 19th century, but also a barrier, as they understood it, against the return of depression, civil war, and extremist politics. They all shared Keynes's view, expressed just before his death in 1946, that after the experience of World War II there would be a craving for social and personal security in Europe. And there was. The welfare state was constructed primarily as a security revolution rather than a social revolution.

We have forgotten this because we have forgotten what ideological politics were like. As Raymond Aron famously put it in 1955, the postwar world represented the end of the ideological era. And we have been living the end of that ideological era and the end of the confrontational, divisive politics that it generated for the last forty or fifty years. The welfare state was not the reason for its ending, but it was the form that the end of it took in those societies that were determined not to see its return. It is retrospectively misremembered by pundits and others in this country as a socialist revolution, but they could not be more wrong.

Therefore, it is very clear that a state that can provide security—and not just security that protects against terrorism and the like, but security that responds to the fear of economic and physical vulnerability—is going to be more necessary in the 21st century than it was in the final years of the 20th. Statism, the belief that the state was the best available actor to perform certain required social undertakings, wore itself into the ground in the mid-1970s in most European countries and the social security state retreated somewhat. Post-statism is now wearing itself into the ground as well.

The reason for this is a predictable return to the degree of insecurity, uncertainty, and fear of the future that people felt—not in the 1990s, 1980s, or 1970s, but in the 1920s, 1930s and 1940s. It is precisely in a globalizing age, to use the cliché, a time when there is no choice but to accept the cross-border movements of people and money and goods, when immigration is both inevitable and necessary, that the state becomes more, not less, necessary.

The European state in the postwar period displaced the forms of community and security that most Europeans had relied upon for many decades—either organization by work, by class, by region or by religion. Europeans, in most cases, have none of these now. What they have is the residue of the politically legitimate state, the nation-state which is recognizably an expression of their interests and recognizably able, in a way that neither local government nor Brussels is, to protect them against unpredictable changes.

The unpredictable changes that have to happen, what outsiders describe as the inevitable reforms, may well be inevitable, but they can only be undertaken with political prudence in the context of the European welfare state. Abandon both the state and the old forms of job security or protection, and the result will not be a happy one. We already have a glimpse of this future in the emergence of far right parties across much of Europe; Jorg Haider and his Freedom Party in Austria; Christoph Blocher and the People's Party in Switzerland; Pia Kjaersgaard and the

Danish People's Party in Denmark; the Vlaams Belang in Belgium; and the Progress Party in Norway.

The Norwegian Progress Party got 22 percent of the vote in September 2005 on basically a two-issue platform. One plank was an appeal to ban immigration in a country where most people have not actually met an immigrant and, outside of Oslo, are extremely unlikely to. And the second plank was—although it was not articulated in these terms—basically a plea to move back to the 1950s, back to a time when we knew each other, we felt secure, we felt like a community, we felt Norwegian and we knew what that meant. This did not mean going back to the 19th century, because then they did not and could not have had this type of state support then. The forms of welfare security that people think of as under threat in fact go back in most countries only to the 1950s or 1940s or, uniquely in the Swedish case, to the 1930s.

Something is going on when in Antwerp, the richest town in the richest region of one of the richest countries in the richest continent that the world has ever known, 38 percent of the population, including a large percentage of the Jewish population, votes for a party—the Vlaams Belang—which basically says: we are entering a time of terrible insecurity, the mainstream parties are not looking after you, there are lots of immigrants coming in, globalization means no one's protecting you, you need to be protected, we offer a promise of future protection.

That's the new-old politics. The new-old politics is what happens when the state appears to have lost control or at least to have lost the initiative in a time of rapid and, for most people, uncontrolled change.

This is a very pessimistic way of thinking about the 21st century. It is what Harvard political theorist Judith Shklar once called the liberalism of fear. It is a vision of what is needed in Europe, based on an assumption that the default condition for most people in public life is risk rather than prosperity, threat rather than progress, uncertainty rather than comfort. It is a dangerous illusion to project our own experience of post-political, prosperous times onto the future. The downside of change has never, in our lifetime, been very serious, even in the worst circumstances.

Europe's 20th Century

This is an extremely European manner of understanding the problem that stems from the fact that Europeans and Americans lived through very different 20th centuries. The second half of the century seemed to be one that bound us together in this common West, in which we think we have common cultural, political, and moral references.

But in fact, the 20th century experience of Europe and America is utterly different. Even in Britain—the European country closest in its experience of the 20th century to America—when I was a child, everyone talked about the first day of the Battle of the Somme when 62,000 British soldiers fell. That is nearly one-quarter of the total American loss in the whole of the Second World War on the first day of the Battle of the Somme: July 1, 1916. There was a powerful sense of loss—and this is in a Britain which in World War II only lost one person for every 125 people in their population. Most East European countries lost something like 1 in 5, in Poland;

or 1 in 8, in Yugoslavia; or 1 in 11 in Greece; 24 million people in the Soviet Union; and so forth.

This makes for a very different experience of recent history. And it explains why the European model of social organization is not just a sort of randomly selected body of socialist projects and programs put in place after World War II. And it creates a widespread assumption across nearly the whole political spectrum, until very recently universally shared, that we cannot go back to "that." And "that" can be prevented, in among other ways, by what we think of as the European model of social and political organization with the special role that that entails for the state.

This is a very skeptical way to think about politics. There are great risks inherent in what might be called the optimistic American Manichean worldview in which the world is divided into the past and the future, with the assumption that, insofar as they are different, the future is better. Before 1989, the world was also divided into socialism or capitalism, stagnation or growth, them or us. More recently, of course, it has been divided into with us or against us. But above all, it is always divided into good or evil.

The Preferable and the Detestable

Raymond Aron's own response to this way of thinking is very well known: “The struggle is never between good and evil, it is between the preferable and detestable.” This is a very skeptical position, but, if you are a 20th century European, it is a very realistic one.

The detestable can take many forms in the public realm, past and future. But it is always characterized by its attraction to one big theory, one big model, one big view of how things are, how they work, and how they should work. It is always very sure of itself. It is almost invariably dangerously smug in its incontrovertible theoretical superiority and moral rectitude.

What about the preferable? The preferable is always a compromise. Europe today is a compromise caught somewhere between the lessons of memory and the distractions of prosperity, between prophylactic social provisions and the attraction of maximizing profit. Like all such compromises, it is deeply contradictory and flawed. But of all the models that are on offer in the world today, it is the one most likely to be well-equipped to face the coming century.

The rush of many commentators and public figures, particularly in the United States, to ignore the political origins of the welfare state reflects poorly on their understanding of Europe’s difficult past. "Decadent Europe"—the phrase is Aron's, but we can employ it for our purposes—is the 20th century's memorial book, a hard-bought reminder of the many and unpredictable ways in which a society and a world can go terribly wrong. It is a memorial book that may yet have lessons to teach us in the decades to come.