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Claus OFFE, *Europa in der Falle* (Berlin, Edition Suhrkamp, 2016)

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Working at the intersection of political science and sociology, Claus Offe is one of the most incisive social scientists of his generation. He has a long-standing interest in the structural conditions (and tensions) of capitalist democracies and in the way markets, democracy, and welfare institutions interact. His latest book in German, *Europa in der Falle* (2016), is a translation of his *Europe Entrapped*, published in 2014 with Polity Press (Cambridge). The book under review is then a translation of an English-language book into its German author's native language.

The book focuses on the question of the European Union's political capacity to act, and the possible pathways out of its paralyzing crisis. Though the book shares some of the pessimism expressed by authors such as Fritz Scharpf and Wolfgang Streeck, when it comes to overcoming the deadlock of European integration in general and the European crisis in particular, Offe still sees a little light at the end of the tunnel. While sharing many of the insights presented in Wolfgang Streeck's widely discussed work, *Gekaufte Zeit: Die vertagte Krise des demokratischen Kapitalismus* (Suhrkamp 2013; translated into English as, *Buying Time: The Delayed Crisis of Democratic Capitalism*, Verso 2014), Offe proves to be less pessimistic and does not turn his back on the integration project. Both books, however, highlight the difficult dilemmas faced by social democrats with respect to European integration: a choice between Scylla and Charybdis, between a nationalist and exclusive version of a welfare consensus and a marketized Europe with little capacity to redress inequalities and compensate social risks. The euro crisis has placed even more constraints on countries' abilities to provide welfare and, likewise, on the emergence of a "social dimension" of Europe, which would be essential to any left-wing program.

In reflecting on the common market and the euro crisis, Streeck predicts a gloomy future for the Postwar Settlement and foresees the "Hayekization of European capitalism"—in other words, a world of unbridled capitalism offering few possibilities to redress inequalities. As a counter-strategy, he proposes that we should seek to repair what is left of the nation state rather than moving ahead with the integration

process. For Streeck, further integration will more or less automatically prioritize market forces and weaken the decommodifying capacities of state intervention. Offe, meanwhile, does not sign up to such a social-democratic nationalism, but seeks rather to identify alternative pathways. He is concerned with the possibilities of enhancing democracy and establishing social rights at the supranational level, and continually looking for a ray of hope on the horizon. To juxtapose the two thinkers: while both diagnose severe dilemmas for the integration project and highlight the EU's democratic deficit, along with the dominance of negative over positive integration (to borrow Fritz Scharpf's terms), Offe still sees some potential for the (positive) politicization of EU affairs.

The book opens with an insightful and even brilliant analysis of the relationship between political democracy and the capitalist market economy under the conditions of European integration. Offe reminds us that markets are not governed by invisible hands, and that market competition has the tendency to undermine itself. In order to prosper, markets require a politico-institutional framework that includes welfare policies. This framework, however, thus far only exists at the national level and cannot be easily transferred to the European or supranational level. Since the EU is not a democratic polity with an elected government and restricted sovereignty, it lacks the capacity to provide for comprehensive market regulation. The common market, as Offe's analysis shows, transfers power to investors and employers, yet weakens regulatory policies. On the one hand, the EU does not (and cannot) do what nation states do; on the other hand, member states are forced into competition for investors and firms, and this competition may negatively affect their welfare system. The euro crisis has revealed this defect and greatly exacerbated it. Moreover, since the Eurozone consists of a heterogeneous group of countries (it is not an "optimum currency area", as economists would put it), a one-size-fits-all currency poses huge problems and makes it difficult for individual countries to adjust. Changes in wages and relative prices cannot be made via currency depreciation, but need to be negotiated politically, which comes at a high cost. One of the euro's most severe construction faults is that, in the face of growing public debt, deficit countries are forced to impose austerity measures on their own populations, which may undermine the legitimacy and political standing of the governments, while also leading to de-democratization and technocratic rule.

Offe, however, does not see an exit from the Eurozone as a feasible option. The costs would be too high and too unpredictable. Neither

the deficit countries nor the core European countries have an interest in such an exit and there are still substantial benefits to staying in the Eurozone. For Offe, while the establishment of the Eurozone was clearly a mistake, a return to an ex-ante situation would be an even greater mistake.

In chapters V and VI, Offe undertakes an examination of the EU's political capacity to act—a task that, as the author himself concedes, is extremely demanding. Here he touches upon the interests, motivations and political strategies that may (or may not) underpin European political actions. His diagnosis shows that European integration has provided manifold political opportunities for right-wing-populist and ethno-nationalist political actors to make significant advances and to benefit from the concerns of the relatively privileged and from the “cultural panic” in the face of mass migration and mass mobility, particularly in the core European countries. Here Offe perhaps underestimates the resentment toward the EU that is also harbored in the lower strata of the population and in the enlargement countries, where it became more manifest during the refugee crisis in 2015.

But what are the motives for the political project of EU integration? Offe lists seven of them—from the idea of Europe as a peace-building project to the argument that only Europe can solve Europe-wide problems—and raises a number of counterarguments which demonstrate that many of these motives have lost their appeal and may prove increasingly incapable of mobilizing support for the European project. The EU of course needs more support than it can currently count on, and the EU-polity is emotionally and cognitively distant for most citizens. Furthermore, the crisis itself serves to erode the very commitments that are required to overcome it. In chapter VII, Offe decrypts the new cleavages that have emerged between left and right, national and supranational. He convincingly shows that Europe is trapped, with hardly any political options remaining open to it. A leading role for Germany—sometimes put forward as the best of all available means for overcoming Europe's current sclerotic condition—is also rejected. Putting Germany in a hegemonic position would likely not solve the structural dilemmas of European integration, particularly where the democratic deficit is concerned.

Despite this crystal clear and astute analysis, Offe is not willing to give up on the European project. The reader is told that it is too early to dismiss the European project as a purely liberalizing and market-building project. Since the alternative to EU integration—the return to the nation state in its former incarnation—is no longer a viable

option, Offe continues to seek out ways to address the EU's structural constraints. The book's tenth and final chapter therefore considers alternative pathways. Despite all of the institutional hurdles involved, Offe advocates the establishment of social rights and redistribution policies, which would allow the EU to increase its credibility and legitimacy. This further stage of integration should be driven by the enlightened self-interest of the relevant actors, along with forms of self-interested solidarity. Offe discusses a series of reforms, such as Europe-wide taxation, a coordinated system of minimum income, and new forms of unemployment insurance, which may contribute to discussions on a shared vision of a social Europe. Alongside such redistributive measures, he calls for a democratization of the EU so that the political will of citizens will play a more important role within it.

Overall, the book is exceptionally strong in analytical terms. It is sober and factual, while at the same time critical and passionate. But does it offer real remedies for all (or the most important) of the EU's ills? Offe himself uses a metaphor that is rather telling in this regard: the European Union, he suggests, has to pull itself out of the swamp by its own hair, like Baron Munchausen. Whether this can and will happen, given the intricacies and dilemmas of the integration process Offe so rigorously analyzes, is an open question. The book nonetheless succeeds in grasping the nettle, even if it may not provide us with a way of cutting the Gordian knot.

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