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## FORUM

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### **Levels of Parochialism. Welsh-Eurasian Perspectives on a German-European Debate**

**Chris Hann**

Forty years ago Jürgen Habermas, at the time Director of a Max Planck Institute in Bavaria, published a volume titled *Legitimationsprobleme im Spätkapitalismus* (Frankfurt, Suhrkamp, 1973). The English translation followed two years later, *Legitimation Crisis* (Beacon Press, 1975). Why the reluctance on the part of the US publisher to include “late capitalism” in the title? To many students of the social sciences in those years, the end was imminent. The US government’s abandoning of gold convertability in 1971 in order to pay for the Vietnam war implied the demise of the accords negotiated at Bretton Woods by John Maynard Keynes and the end of the era that is commonly tagged with his name. Oxford undergraduates still had to know their Samuelson and Keynes for examination purposes, but for many of us the *Zeitgeist* was exemplified by the radical economics of Andrew Glyn and Bob Sutcliffe.<sup>1</sup> We also noted the counter-current proposed by Friedrich Hayek and welcomed Keith Joseph’s launch of the Centre for Policy Studies. These intellectual polarizations were sure signs of the impending revolution, we thought. Ted Heath’s defeat by the miners and Richard Nixon’s comeuppance following Watergate proved that Western states were ineffectual and corrupt; they evidently lacked the capacity to save capital from inexorably declining profit rates.

Not everything in this Oxford cocoon was unambiguous. For a student interested in “continental” European societies and struggling to learn their languages, it was disap-

1 British Capitalism, Workers and the Profits Squeeze, Harmondsworth 1972.

pointing that Glyn and Sutcliffe focused so relentlessly on Britain. It was more troubling to hear Tony Benn argue powerfully from the left against membership of the Common Market: this was obviously serving the interests of capital, but could it not be reformed to promote socialist internationalism at the European level? True, the Eastern European states that proclaimed themselves socialist were by and large unattractive, and their centrally planned economies for the most part dysfunctional. But these considerations seemed secondary since it would soon become possible, we thought, to build socialism properly in the advanced capitalist states of the West (where the revolution should have taken place in the first place).

Fast forward four decades. Now, as then, Germany is an island of stability in the ocean of even later and greater capitalist turmoil. But the most acute analysis of the current crisis, combining the intellectual sophistication of Habermas with the polemical energy of Glyn and Sutcliffe, is the work of German sociologist Wolfgang Streeck, Director of the Max Planck Institute for the Study of Societies in Cologne. Streeck's *Gekaufte Zeit; Die vertagte Krise des demokratischen Kapitalismus* (Frankfurt, Suhrkamp, 2013) is based on his 2012 Adorno lectures. His intellectual profile differs from that of his Frankfurt predecessors, but disciplinary boundaries have not inhibited some serious jousting with Habermas and others in recent issues of the *Blätter für deutsche und internationale Politik*.<sup>2</sup> The stakes could hardly be higher: the future not just of the Euro but of the European project and capitalist democracy *überhaupt*. The leading protagonists are longstanding knights of the intellectual left (if such a thing still exists), who find neoliberal market society abhorrent as well as unviable. Yet their recommendations are entirely different. Jürgen Habermas and Claus Offe reaffirm Europeanism. Wolfgang Streeck argues passionately that we need to revitalise the capacities of the nation-state – but for reasons that have nothing in common with the agenda of the United Kingdom Independence Party (UKIP). Let me begin with the Cologne sociologist.

### Wolfgang Streeck

Though he concentrates in his book on neoliberalism and the crisis which broke in 2008, Wolfgang Streeck precedes this with an incisive political economy of the entire postwar era including a critical appraisal of earlier *Kapitalismuskritik* in Frankfurt. Like others, he views the 1970s as a watershed, the end of the long post-war boom in which, contrary to earlier pessimistic prognoses such as those of Karl Polanyi, the liberal welfare state (*Sozialstaat*) proved itself capable of mitigating the destructive and socially divisive consequences of capitalist markets while maintaining respectable growth rates. The current crisis is novel, the climax of the transformation of the redistributive taxation state (*Steuerstaat*) into the debt state (*Schuldenstaat*) we know today, in which to pay for the

2 W. Streeck, Was nun, Europa?, in: *Blätter für deutsche und internationale Politik* 2013, no 4, pp. 57-68; J. Habermas, Demokratie oder Kapitalismus?, in: *ibid.*, no 5, pp. 59-70.

social entitlements to which citizens have become accustomed, their states become the pawns of finance capital. The hyper-inflation of the 1970s, the privatization schemes of the 1980s, the ensuing property bubbles and explosion of private debt have all served to postpone the day of reckoning, but Armageddon is now upon us. The two Marios (Monti and Draghi) exemplify a new elite entirely lacking in democratic legitimacy which has nonetheless come to control public policy at both national and supra-national levels. Streeck emphasizes the regressive implications of current policies and asks how long such men can come up with more tricks, such as allowing the European Central Bank to buy up debt of delinquent members of the Eurozone without losing all credibility as a central bank. Finally, he analyses the obstacles to channelling citizens' moral outrage and sense of justice into "constructive opposition". The established institutions of capitalist democracy have been "sterilised" to the point that no longer work and no new ones have emerged to replace them.

This devastating diagnosis is widely shared, inside and outside Germany. What distinguishes Wolfgang Streeck from other analysts on the political left is the solution he proposes for the problems of Greece and other southern members of "Euroland" who are the principal victims of the present crisis. Since European unification has been so insidiously high-jacked by the interests of neoliberal capitalism, the only way forward is to revert to the proven capacity of the democratic state to promote the capacities and well-being of its citizens. These nation-states are evolved (*gewachsene*) entities, which must be conserved and not homogenized if democracy itself is not to be jettisoned. Streeck echoes the point that the German popular press has been making more bluntly ever since the present crisis began: how can German taxpayers be persuaded that they have a duty to bail out prodigal Greeks and Spaniards, or even an interest in doing so? Whether through bankers' sleight of hand or via more transparent mechanisms of representative government, this is just not going to work, especially since those called upon to pay the bills are not those who can afford to do so. Far better, argues Streeck, to allow the problem children of the south to manage their own national currencies again. Then they would stand a chance of addressing effectively the structural problems which condemn them to the role of eternal *Bittsteller*, begging for favours from Chancellor Merkel. The return to national currencies could be implemented by going back to Keynes' original plan to introduce the *bancor* as a unit of account, a proposal that was rejected in favour of the US dollar in the Bretton-Woods accords. Without denying that the European project is a nice idea, Streeck concludes his book by insisting that under present conditions it is simply impossible: the "second best solution" must therefore in practice become the first-best. These proposals are politically incorrect, to say the least. In Germany they are too radical even for *Die Linke* (though Oskar Lafontaine himself apparently endorses Streeck's analysis).

## Jürgen Habermas

84 years old on 18 June 2013, Jürgen Habermas is a national treasure who commands respect across the political spectrum. Like Angela Merkel and previous Chancellors, he argues that it is in Germans' interest to orient themselves strongly. Yet he is contemptuous of his Chancellor's crisis management and the pusillanimous treatment she receives in the media. In his opinion, which coincides with that of Streeck on this point, her on-going prevarication to appease "the market(s)" serves only to sustain the power of technocratic elites in Brussels.<sup>3</sup> Habermas argues that only a thorough democratization ("deepening") of central EU institutions can rescue the continent from its present impasse. In short, in his eyes, the crisis is caused by the lack of democratic legitimation at the only level at which solutions can be forthcoming. The answer is not a federal "superstate" but a political union based on a new conception of dual citizenship, with a vigorous European parliament as the key institution in the formation of a "Europe-wide generalised we-perspective."

Habermas does not contest Streeck's account of the genesis and nature of the economic crisis. However, he dismantles the sociologist's arguments against the European solution and dismisses falling back on the nation-state as a "nostalgic option". That proposal is in any case contradictory on Streeck's part, since he himself concedes that not even the strongest "sovereign" states can effectively counter the integrated markets of today's global economy. No quixotic retrieval of rights long transferred to the supra-national (EU) level could make feasible Streeck's vision of a renewal of Keynesian social democracy within the framework of a new "European Bretton Woods". Habermas acknowledges that massive transfer payments from rich to poor will be necessary to overcome structural inequalities within a politically unified Europe. Unlike Streeck, he thinks that such policies can succeed if given time, citing the transformation of the former Eastern Germany as a positive example. Habermas thinks that, if only the appropriate democratic institutions are put in place, those same Germans who paid the *Solidaritätszuschlag* to support their own East will support the much larger transfers necessary to transform the south (meaning not Bavaria, but Greece, Italy, Spain and Portugal).

Jürgen Habermas does not share Wolfgang Streeck's concern that a "modernizing" convergence in terms of infrastructure and economic capacities across the continent will lead to socio-cultural homogenization. On the contrary, the diversity of the *Lebensweisen* is in Habermas's opinion such a distinctive feature of Europe vis-à-vis other continents that it could not be called into question by the deepening of political and economic unity. He dismisses the emphasis which Streeck places on "apparently 'natural' identities".<sup>4</sup> For Habermas, these are simply *Regressionsphänomene*. Both populist separatism in the west

3 Habermas, *Demokratie oder Kapitalismus?*, p. 60.

4 *Ibid.*, p. 67. Habermas supports his argument concerning the "fictive" nature of Streeck's "evolved" groups with a reference to DNA analysis of skeletal remains in Bavaria. Apparently, the populations of these parts in the late *Völkerwanderungszeit* were not as ethnically pure as formerly supposed.

and postsocialist nationalism in the east are contingent social-psychological pathologies, which will fade away once the new institutions of European unity are in place and working properly. The philosopher concludes by deploring the fact that the parties of the left are seemingly determined “to repeat their historic mistake of 1914” by failing to address the crisis on the necessary supra-national basis.<sup>5</sup> He welcomes the momentum of the new party Alternative für Deutschland (a more sophisticated version of the UKIP, dominated by economists) because he thinks this nationalism should galvanise the democratic Left to come up with its own, European alternative. From this perspective, and in spite of his sociological sensitivity to questions of distribution and domination, Streeck is keeping strange company. His principal error is to have fallen into the trap of prioritizing primordial loyalties, at a time when any self-respecting representative of Frankfurt’s critical traditions ought instead to be coolly analysing winners and losers within a collective “we-group” of Europeans.

### Claus Offe

As I write in the early summer of 2013, the philosopher Habermas and the sociologist Streeck are still slugging it out in the glare of the highbrow German media.<sup>6</sup> Other distinguished intellectuals have also contributed, among them sociologist Claus Offe, whose views are of particular interest because he was a *Mitstreiter* of Habermas in developing the original theory of “legitimation crisis” in the 1970s.<sup>7</sup> Offe’s bottom line has not changed. He is even more scathing than Habermas and Streeck in his rejection of government by so-called experts, who operate in a different stratosphere from the mechanisms of democracy. Only democratic legitimation can ensure social integration, yet politicians have signally failed to play a constructive role in shaping public opinion. Instead, even the parties of the mainstream have come under electoral pressure to adopt the same nationalist blinkers as those manipulated by extremist, populist elements. Politicians are therefore unable to articulate responsible positions on the truly big issues of our age, such as climate change. Correcting the mistakes made in launching the Eurozone should also have a high priority, but Offe points out that necessary and realistic instruments, such as

5 Ibid., p. 70.

6 For an early assessment, see T. Asshauer, ‘Das böse Spiel’, in: *Die Zeit*, 16<sup>th</sup> May, 2013. After I had finished this summary of the first round of contributions, Wolfgang Streeck published a lengthy reply to Habermas’s review: ‘Vom DM-Nationalismus zum Euro-Patriotismus’, in: *Blätter für deutsche und internationale Politik* 2013, no. 9, pp. 75-92. In essence, Streeck restated his main arguments, refuted accusations of “nostalgia”, and ended by stressing that his proposals concerning nation-states were intended as “subversive Notbehilf”, a means to buy time in this moment of crisis, rather than as a long-term solution to the problem of how to build a democratic postcapitalist political economy. See also the review of Streeck’s book by Christoph Deutschmann (‘Warum tranken die Pferde nicht?’ in: *Frankfurter Allgemeine Zeitung*, 25<sup>th</sup> September 2013). Like other critics, Deutschmann stresses that regular devaluations do not resolve the problems of states which fail to compete; on the contrary, such a system serves the interests of banks and hedge-funds rather than those of ordinary citizens.

7 C. Offe, ‘Europa in der Falle’, in: *Blätter für deutsche und internationale Politik* 2013, no. 1, pp. 67-80. I have also drawn on an expanded English version, ‘Europe Entrapped’, forthcoming 2013, *European Law Journal* and thank Claus Offe for making this available to me

the creation of Eurobonds, are still widely perceived in Germany as disinterested “charity”. He argues that large-scale transfers from north to south should be seen in terms of a *solidarity* that is beneficial to all. Unfortunately, such proposals only gain credence when actors are finally persuaded that it is in their *selfish* interest to adopt them. Germany is the country under the strongest moral obligation to break this deadlock, because it is the country which has profited most from the *Geburtsfehler* of the Euro.

Like Habermas, Claus Offe follows much of Streeck’s economic analysis. He too is appalled by the power of the markets and the “obscenity” that banks bailed out by taxpayers (because they are considered “too big to fail”) can ultimately accumulate private profits from the financial crisis they helped to bring about. Offe too argues that a return to national currencies in the south would do nothing to solve the problems, since the recalibration of existing Euro debt would still leave countries such as Greece and Italy with an impossible task. He pours cold water on the notion that much-heralded “austerity” measures can lead to the desired goals. Even if some nominal productivity gains are registered, this “poisonous medicine” will lead to further decline in GDP and catastrophic levels of unemployment. This leads Offe to address sociological distinctions between “winners” and “losers” and aspects of class. The crisis-management policies of Chancellor Merkel are, in his view, making an already grave situation worse, and not only in the basket cases of the south. Offe therefore asks why it is not possible to persuade a German voter whose job is constantly in jeopardy that he (or more likely she) has more in common with a similarly vulnerable worker in Spain or Portugal than with a compatriot fortunate enough to hold *Beamter* status.

This is reminiscent of Habermas, whereas Streeck points out that it is in the nature of the crisis to impede such understandings. As Offe himself notes, there is plenty of evidence from the Mediterranean to justify the concerns of the German popular media. *Some* Greek citizens really do enjoy more wealth and more security than the vast majority of Germans; much of the Italian state really is less transparent than its German counterpart. Beyond the easy diagnoses of corruption in the south, Offe points out that nowadays all states are limited in their capacity to deal with the super-rich, and pleads for more effective harmonization of tax regimes, and government capacity in general, to remedy this state of affairs.

The second, deeper factor which mitigates against the formation of pan-European class alliances brings us back to the issue of cultural identity. Offe suggests that a strong supra-national agency might actually offer some protection for cultural diversity against the homogenizing forces of economic globalization. He emphasizes the importance of language as an impediment to the mobility of labour within Europe: while capital is “speechless”, the European Union has the task of building a cohesive society on the basis of 23 officially recognized languages. For an economist who is professionally blind to the dimension of collective identities, labour mobility is the obvious solution to all the structural problems. Norman Tebbit, industry minister under Margaret Thatcher, famously urged the British unemployed to “get on your bike” and go in search of work; but this advice did not do much to resolve the structural problems of regions such as South Wales, even

though everyone here is fluent in the national language. Since then, in the decades of neoliberalism millions of Europeans have migrated across linguistic boundaries in search of work. The unskilled and low-skilled unemployed of Euroland must seek their fortune in competition with the surplus labour, legal as well as illegal, of the former socialist east. Claus Offe is obviously right that in many segments of the labour market, mobility is hardly realistic: it may be feasible to train and re-train many IT staff and engineers, but in recent years the German press has also reported poignant stories of failure, such as the Spanish optician who was simply unable to cope with the dialects in rural Bavaria where his services were sorely needed.

### **A higher level of parochialism?**

So far I have sought to convey the central themes of an important debate without evaluating these arguments and engaging critically with any of the leading participants. Many German readers of these contributions will find each author convincing in his own way, irrespective of the reader's generation (Habermas has some barbed comments on those members of the generation of 1968 who have long switched allegiances and sold out to the libertarian freedoms promised by the neoliberal order). Habermas's proposed "joint government", reconciling national citizenship with European citizenship, seems ethically unimpeachable. But how realistic is this blueprint in the world of Draghi and Monti, not to mention Barroso, Cameron, Hollande and Merkel, in the world of *Realpolitik*? Here most readers will feel that the sociologist Streeck has his finger on the pulse. The identities about which he writes are fictive constructions, but they are perceived to be otherwise. Their strength has to be recognised, and is not to be brushed aside by rationalist philosophy. Habermas and Offe deny that a return to the nation-state could serve progressive interests. The latter puts forward pragmatic suggestions for action, e.g. to restore the force of progressive taxation and constrain spiralling *Gini* coefficients of social inequality. Yet in some respects his is the most pessimistic diagnosis, both economically and politically. Offe concludes that only further mass protests from the (class-based) losers of the present convulsions can spur Europe's elites to genuine far-sighted reform; yet given the strength of the alliance between nation-focused politicians and parasitical multi-national technocrats, this seems to be little more than a pious hope.

What might far-sighted reform mean? All the main protagonists engage with the life-worlds of contemporary European populations. No one has the temerity to postulate a non-capitalist future for them. It is taken for granted that "the markets", in particular the unrestricted movement of capital, are here to stay. True, Wolfgang Streeck has recourse to radical rhetoric. One sometimes has the impression that he believes in the old Marxist dictum of the falling profit rate and the inevitability of the revolution. But the demise that has been postponed so often already is still not definitively upon us: Streeck is morbidly resigned to more ingenious manoeuvres ahead. All authors are disturbed by the dramatic increases in social inequality of recent decades, indeed this is an ultimate

value which they share. But they differ in how solidarity can be repaired. For Habermas and Offe, the solution lies in transfer payments in a democratically legitimated union with more central powers than anything witnessed hitherto. This is a “deepening” in the vocabulary of Habermas and a “rebuilding” in that of Offe, but the principle is the same. For Streeck, the democratic answer can only be to give weaker members back the autonomy to implement for themselves the policies that might eventually rescue them from historic backwardness and lack of competitiveness. Behind this striking policy difference lie more subtle differences in the evaluation of evolved collective identities. However, it should be stressed that Streeck’s invocation of the nation has nothing in common with the demagoguery of the British debates over the years. (If he lived in Britain and were exposed to the message of the UKIP, he might be inclined to rethink the emphasis he places on *gewachsene* communities.)

Compared with Britain, then, this debate in Germany is sophisticated and genuinely European. It soars above the level of Tony Benn’s opposition to Europe in the 1970s, in which socialist principles were constantly muddled with Little England attitudes. The reasons why Germans are more disposed than others to think and theorise responsibly at the European level are well known and have to do both with *gewachsene* history and with Germany’s contemporary economic domination. The rest of us can only look on with respect and admiration. And yet, there is something in the way this debate is unfolding which continues to smack of parochialism, albeit a higher form of parochialism than the British debate. Habermas accuses Streeck of falling back on the “nostalgic option” of the sovereign nation-state, but the Habermasian perspective on the old continent is open to a similar objection. He has a few sharp words about David Cameron, the heir to Margaret Thatcher, busy encouraging Mrs Merkel to dismantle the *Sozialstaat* for the sake of competitiveness and flexibility. But Habermas and Claus Offe are silent about eastern and northern European countries which remain outside the Eurozone. The Europe they really want to strengthen is defined by the boundaries of the Euro. Beyond Euroland, the European Union is simply the only show in town. Claus Offe argues that, for all its imperfections, the “soft” power of the EU to cajole and even to shame deviant members (such as Viktor Orbán’s Hungary) makes it a force for peace and civility, the envy of the rest of the world. Wolfgang Streeck is less impressed by the political workings of any existing multinational institutions, but his argument plays out within the same framework. I want to suggest that this framework is too restricted in the light of global political economy. For all three protagonists, Europe’s East-West polarity which lasted well into the post-Cold War era, has now been supplanted by a North-South polarity. But it seems to me that these distinguished German scholars write from the perspective of the broad Rhine, with a hint of nostalgia for the era when Rheinland capitalism defined the continent and democratic legitimation meant, first, refining the national institutions of the Bonner Republik and second, consolidating the long-term reconciliation with western neighbours at a new level. They are less interested in the *Blickwinkel* from the smaller Spree, or the tiny Isar – and none of them engage with those regions to the east of Passau through which the mighty Danube meanders on its course to the Black Sea.



## Europe and Eurasia

Jürgen Habermas would perhaps concede that the “common European effort”<sup>8</sup> he urges is predicated on a notion of Europe that is hard to pin down and ultimately contingent. Europe has had various different meanings in the course of his own lifetime. But the way he and Claus Offe generalise about a distinctive continent is redolent of the same primordialist illusions which Habermas imputes to Wolfgang Streeck. Habermas and Offe do not consider the implications of their argumentation for countries outside the Eurozone, let alone for those outside the present EU altogether, but whose civilizational traditions bind them closely to the Western Christian core which they privilege. I have in mind large countries such as Russia, Turkey and Ukraine as well as numerous smaller ones.

The problems inherent in defining Europe’s eastern boundary are well known. This is one of the main reasons to be suspicious of all attempts to contrast Europe and Asia as equivalent “continental” entities, from the Ancient Greeks to the Cultural Commissars in Brussels today. Comparative historians have shown that it makes much more sense to approach Europe as one of perhaps six or seven macro-regions of the world’s largest landmass.<sup>9</sup> In the light of the economic indicators of recent decades, it is particularly instructive to compare the macro-region of Europe with the macro-region called China. None of the authors I have discussed mention China in their recent contributions, but they may well have this country in mind when they highlight the socio-cultural and linguistic diversity of Europe. Even on the most generous definition of the latter, China has more than twice as many citizens. Yet, despite the demography, China appears to have developed a degree of political and economic cohesion and solidarity that the other end of Eurasia can only envy.

Can the currently unfolding transfer of economic hegemony from the North Atlantic to the Far East be related to these *gewachsene* advantages of the Middle Kingdom? China managed to evolve complex divisions of labour over a vast territory without experiencing the political fragmentation of post-Roman Europe (crypto-colonialism at the hands of Britain in the nineteenth century and continuing divisions in the twentieth century had little impact on the idea of state – or civilizational – continuity). However, a glance at a map of the languages and religions of China shows that this Chinese state was an empire, hardly any less diverse socio-culturally than the European macro-region. The unifying characters of the script were pronounced quite differently from region to region. Large territories in the west, notably Tibet and Xinjiang, are still characterised to this day by language families and religions as different as those which divide Europeans. The Turkic-speaking Muslim Uyghurs face enormous barriers when they move outside their Autonomous Region, because very few of them are able to communicate fluently in Mandarin.

8 Habermas, *Demokratie oder Kapitalismus?* (2), p. 65.

9 For example: E. Farmer, D. Kopf, B. Marshall, G. Hambly, and R. Taylor, *Comparative History of Civilizations in Asia*, Boulder 1986, 2 vols.

China is a country in flux and much has changed in recent decades. The whole world knows about the decentralization and market-oriented reforms in the coastal provinces of the East that have lifted hundreds of millions of peasants out of their previous poverty. There is less awareness of the fact that this development has generated social inequalities reminiscent of the pre-Mao era. However, the state has acknowledged the need to address the undesirable consequences of China's variant of neoliberalism. The "Develop the West" programme has been implemented since 2000 with the ostensible goal of reducing regional disparities by improving infrastructure and generating new commercial opportunities in regions such as Tibet and Xinjiang. Major investments have been accompanied by the large-scale migration of ethnic Han into regions previously populated primarily by "national minorities". As Habermas argues for contemporary Europe, such investments seldom eliminate longstanding differences in local *Lebensformen*. Development campaigns may actually generate new differences, as anthropologists have documented in their studies of the consequences of globalization all over the world. But what happens if modernization is accompanied by heavy immigration on the part of the dominant majority, and there is little or no intermarriage with the minority? The problems become even more serious when pressure is put on the minorities to give up their own educational institutions and adopt the language and habits of the majority. They are told that this is in their own interests if they wish to have equal chances on an increasingly competitive national labour market, which for the first time in the history of Chinese civilization is being made congruent with the boundaries of the state. There is no exact parallel in Europe but it is almost as if Germans were moving en masse into Greece (or Denmark, or Hungary), investing and buying up everything of value, and requiring local populations to learn German to boot. In this way, neoliberalism with Chinese characteristics is flattening the socio-cultural diversity that evolved in all previous phases of this macro-region. This is far more dramatic than the "convergence" policies criticised by Wolfgang Streeck in neoliberal Europe. As John A. Hall has recently summed up, "... it is likely that China has the capacity to create a homogenous nation-state, unpleasant though it is to admit this."<sup>10</sup>

The contrast could hardly be greater. In Western Eurasia, sociocultural diversity is reflected (albeit imperfectly thanks to the vagaries of history) in political fragmentation. The result is a seemingly insuperable obstacle to attempts to control neoliberal markets through a democratically legitimated European Union. In Eastern Eurasia, Communist power holders can rule over a much larger population without needing to trouble themselves unduly about acknowledging its socio-cultural diversity (though this is skilfully manipulated in the realm of folklore, deemed to be harmless). The strategy so far has been remarkably successful, at least according to the standard economic indicators. Even if growth rates decline from the levels of the last three decades, economist Danny Quah

10 J. A. Hall, *The Importance of Being Civil*, Princeton 2013, pp. 253-4. Few experts on Tibet and Xinjiang would give this sociologist's prediction credence at present, but the situation is undoubtedly changing rapidly in both regions.

sees no reason to expect China's inexorable rise to peter out in the foreseeable future.<sup>11</sup> Ironically, German exports to China continue to continue to grow dynamically, contributing to the transformation of consumption there, but also to the success of Germany in robustly weathering the present crisis in Europe and, indirectly, to the misfortunes of her Euroland partners. (Britain, by contrast, produces nothing that Chinese wish to consume and must content itself with luring tourists and ever younger students, the children of Communist technocrats who can afford to send them west to improve their language skills.)

Against this background, the polemics between Streeck and Habermas begin to seem a trifle parochial. No enhancing of democratic institutions in Brussels (or in Athens) is going to have much impact on the shift of power that is taking place from West to East. In any case, there is not the slightest sign that the path urged by Habermas and Offe can be followed. On the contrary, these committed Europeanists will surely have been disappointed by the latest G8 summit meeting in Northern Ireland, in June 2013. The main outcome of this gathering, in which China plays no role, was a new initiative to consolidate a single market with North American capitalism. Germany still shows no sign of living up to its responsibilities in terms of using its export surpluses to support new forms of solidarity. On the contrary, as the federal elections of September 2013 draw near, a liberal party determined to stay in power has declared itself unwilling to maintain the established Solidarity pact to support the country's reunification. Meanwhile, Hungary continues to take EU funding wherever it can while blithely ignoring (and covertly despising) the "soft" reprimands it receives from time to time from Brussels and Strasbourg. There is a more or less latent moral dimension in all the contributions that I have been discussing; but can anyone really argue that the bickering, beggar-my-neighbour political relations of the European macro-region are morally superior to the single-party aggressive developmentalism which is transforming China?

Habermas and other critics of Streeck argue that it is unrealistic to think of replacing the Euro by a return to nation-state currencies. For his part, Streeck alleges that it is unrealistic to imagine that the leaders of fractions in the European Parliament could ever attain the democratic legitimacy of national politicians. He is surely right to point out that the *gewachsene* irrationalities of present EU institutions are a formidable barrier to reform. If every realistic scenario seems so bleak, perhaps it is time to take utopian scenarios seriously. Might it be conceivable for European actors, old and new Europe together, to initiate both a new single market and the political institutions to control it *for the entire landmass of Eurasia*? Why not plan new forms of governance to unite *all* the macro-regions. The aim would be to create a political and economic union, symbolised by a new single currency, which would be capable of implementing comparable standards of labour law and welfare entitlements as well as bringing capital flows under control once more. No conceivable reform of European institutions or G8 initiatives can achieve

11 D. Quah, The global economy's shifting centre of gravity, in: *Global Policy* (2) 2011, no 1, pp. 3-9.

these basic goals. Beijing would be unlikely to agree that the new entity should have its capital in Brussels. After protracted wrangling, we might imagine Astana emerging as the new geopolitical and parliamentary centre (after Tashkent and Teheran withdraw their applications late in the day). The Habermasian model of dual citizenship would have to be replaced for a transitional period by a model which allowed for three levels. The philosopher would be able to retain his identities as German and as European, but like every other citizen of the landmass his primary constitutional allegiance henceforth would be to *Eurasia*.

As for identity in the old-fashioned, irrational sense, sometimes termed ethnicity, this would increasingly be confined to other registers. It would gradually lose all lingering political relevance, because everyone would reach accord on the need to respect these legacies from the pre-rational age. Thus Uyghur identity would be celebrated in Urumchi and Tibetan in Lhasa, on a par with German by the Spree, English by the Thames, and Welsh by the Taff. The new Eurasian arrangements would eradicate the evolved political anomalies of Luxemburg, Malta and the two thirds of Cyprus which are presently considered “sovereign” members of the EU, while allowing the inhabitants of these places to commemorate their traditions in whatever ways they see fit. The same would apply to peoples such as the Catalans and the Scots, not to mention Kurds and myriad “stateless peoples” scattered across all the macro-regions of Eurasia.

Recognition of all these identities in the domain of heritage would be the easy part: Beijing and Brussels both have plenty of experience of “cultural management” and submitting nominations for UNESCO lists. We could expect more troublesome negotiations in almost every corner of the Eurasian landmass when it comes to connecting these collective identities with politics and law, with educational, language, religion and labour market policies. Clause I of the new Eurasian Constitution would guarantee the institutions necessary to safeguard the status of all established local and regional groups or peoples. What would this mean in practice? It could mean, for example, that Han Chinese wishing to work in the Xinjiang Uyghur Autonomous Region would have to respect more Islamic religious holidays and demonstrate some level of familiarity with the Uyghur Turkic language, notwithstanding the fact that Mandarin would doubtless remain the lingua franca for most economic activities throughout the macro-region China. The children of immigrant Han would be required to learn Uyghur at school in Urumchi, even if they might prefer to learn English for reasons of career mobility. Such measures, unthinkable at present, would cause raised eyebrows in Beijing in this utopian future. However, English-born civil servants wishing to take jobs in my home town of Cardiff have learned to live with similar constraints – either they are accepted, or members of the more powerful group must refrain from applying for jobs in this region. Han Chinese indignation in the case of Xinjiang might be assuaged by the fact that their language will increasingly replace English as the first foreign language in schools throughout the landmass.

China would have other incentives to sign up to the institutions of this imagined Eurasia. Despite the rapid expansion of its economy, which will eventually dwarf that of the USA, infrastructure and living standards in most parts of China remain poorly developed in

comparison with those of western Eurasia, and in particular the European Union. For many years, China could therefore expect to be a net beneficiary of the kind of transfer payments that Habermas and Offe envisage within Euroland. In this way, the protection of socio-cultural diversity would be rendered compatible with regional equalization. Of course, a host of further policies would be necessary to control the divisive impacts of the Eurasian single market. The mythology of endless growth will have to be exposed and rejected. At the same time, the positive impacts of economic union and voluntary mobility should not be underestimated. In place of an undignified transfer of economic power from West to East, accompanied by the continued attrition of *gewachsene* identities as well as by exploding *Gini* coefficients, the new Eurasian order I am postulating should appeal to all three of the scholars whose work I have discussed. It would provide a platform for responsible politicians to raise the level of debate to address the burning issues facing our species on this planet. With a bit of luck, the new constitutional arrangements could be put in place within a decade or two, before existing European supra-state mechanisms fall apart due to their continuing legitimation problems (the proximate cause might be inability to reach agreement on the Turkey question, or on whether or not to admit EU member Kosovo to the Eurozone). Let us be optimistic and imagine this momentous occasion in the history of the landmass being celebrated at an inaugural convention on 18<sup>th</sup> June 2029, the centenary of the birth of Jürgen Habermas. Profoundly moved by this contingency, the assembled statesmen and stateswomen would unanimously agree to proclaim Habermas Day a public holiday for all citizens of the new legal construction, Eurasia.

## Conclusion

Wolfgang Streeck's radical analysis of contemporary capitalism needs to be augmented by a cosmopolitan vision of world society which is much broader than the European *Perspektivenwechsel* suggested by Jürgen Habermas and Claus Offe. Is my own suggested shift of perspective to Eurasia simply absurd? Well, perhaps, but when the contradictions between capitalism and democracy have become so entrenched, and when collegial jousting between the knights of the Left leaves no clear victor, it is high time to risk a real *Flucht nach vorne*. To focus on the Old World as I have is not entirely arbitrary. Habermas and Offe (without ever making it explicit) take Europe as a *gewachsene* historical entity at a level higher than the identities highlighted by Wolfgang Streeck. Historians, archaeologists and anthropologists have made the case for considering Eurasia as just such an entity at a still higher level, at least since the Axial Age, and arguably since even earlier urban revolutions of the late Bronze Age.<sup>12</sup> Eurasian identity may be even less likely to capture the hearts of the masses than European identity. But it is not my purpose to argue for a Eurasian "we-group". The point of this implausible experiment was to

12 J. Goody, *The Eurasian Miracle*, Cambridge 2010.

place the current German debate in a wider context. The widest context known to me is the need over many thousands of years of complex economies to control “the market(s)” in the interests of human flourishing. On this most fundamental issue, the pan-Eurasian consensus between Aristotle and Confucius prefigures the basic consensus between Streeck, Habermas and Offe – an agreement which overshadows all their differences. Despite this impressive pedigree (from the Axial Age to the Frankfurt School!), we should hope that the era of Eurasian governance will remain short. It will give way to the first genuine *Weltgesellschaft*. Like its predecessor, this entity will have to be introduced cautiously, allowing for a transitional period in which other, lower levels of citizenship continue to play some role in the legitimation process. With just a little bit of luck, following the final collapse of the Hayek Tea Party in Washington, the new world society could be inaugurated on Habermas Day 2129, the 200<sup>th</sup> anniversary of the birth of the great philosopher.