

divergence is likely to be permanent, if no other measures are taken (see my second point). This constitutes a fundamental problem for Schelkle's insurance-based perspective because it is founded upon the assumption that states voluntarily join a shared currency regime as a financial risk-sharing mechanism on the basis of reciprocal self-interest. Insurance is only beneficial to all, however, if today's winners could be tomorrow's losers. If southern members face structural growth problems while the North does not, the presumed reciprocity will in practice not materialise. Risk-sharing through fiscal measures, even indirect or limited, would then constitute a permanent, one-sided fiscal transfer. In that case, if a more extensive fiscal integration policy is pursued, the explanatory variable would not be reciprocal self-interest, but something else such as *political* solidarity.

Second, Schelkle's policy recommendations reflect a limited and technocratic perspective on eurozone politics. By emphasising financial risk-containment, her policy recommendations are largely confined to ex ante safeguards against volatile financial markets and moral hazard. Problematically, however, Schelkle does not address the major political risks causing instability. She argues, according to the paradox of diversity, that fiscal integration should not go too far as it would risk a political backlash from citizens in creditor countries. But fiscal transfers are of utmost necessity given the worsening structural divide between the North and South. The absence of substantial investment in presently uncompetitive economies with limited innovation capabilities perpetuates welfare stagnation and import/debt dependency. Accordingly, Schelkle's limited policy recommendations regarding Cohesion Funds and monetary stimulus are insufficient to resolve this fundamental issue. Instead, high structural investment through pooled fiscal resources (beyond the Juncker Plan), potentially accompanied with Community-level

democratic accountability mechanisms, are needed. These redistributive transfers are indeed controversial, but not attempting to diminish structural disadvantages could dissolve the already battered belief in eurozone membership. Doing too little may, potentially, foster disruptive politicisation even more.

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Ivan Krastev: *After Europe*

Philadelphia, PA, 2017: University of Pennsylvania Press, 120 pp.

In this eloquent, witty, and provocative essay, Ivan Krastev, a political scientist with admirable intellectual skill and a penchant for grand historical visions, reflects on the future, and possible lack thereof, of the European Union. Krastev departs from more common diagnoses of the Union's crisis as resulting from fundamental institutional flaws (e.g. the introduction of a common currency in the absence of shared fiscal policy), or from the Union's democratic deficit. Instead, he focuses on Europe's so-called migration crisis. The comparatively large numbers of migrants arriving in the EU, and the reactions following, have dramatically changed the nature of politics at the national level, politics that are not merely 'a populist riot against the establishment but a voter's rebellion against the meritocratic elites' (p. 14). As a result, key values and principles of the EU have come under serious challenge. This crisis, Krastev thinks, has the potential to become a critical juncture and the starting point of European disintegration.

In the first part of the book, Krastev shows how the migration crisis has exposed, and likely also reinforced, disagreements surrounding European integration. To begin with, the migration crisis has brought to the fore the more general crisis

of liberal democracy. It confronts liberalism with a contradiction central to its philosophy; namely, how universal rights can be reconciled with the fact that they are exercised in unequally free and prosperous societies. Hence the migration crisis 'upends the very arguments that the Union has used to justify its existence' (p. 38)—those of human rights, tolerance and civility (pp. 35–43). This also exacerbates the crisis of the political left, which is struggling to find a new identity in the wake of the disappearance of an internationally minded working class and to mitigate conflicts between 'Anywheres' and 'Somewheres' [Goodhart 2017].

In addition, and this is where Krastev's analysis is most novel and intriguing, the migration crisis is 'not only impelling Europeans to become sceptical about their own political model; it is also bitterly dividing the European Union and reanimating an East-West divide that has been bridged after 1989' (p. 43). Though all of the Union's crises divide the Union in one way or another (debtors-creditors and North-South in the Euro-crisis, core-periphery in the context of Brexit), Krastev sees the East-West divide as the one that poses the most severe challenge to the survival of the EU. This has crystallised in the wake of western member states' bafflement and anger with the deep hostility expressed towards refugees by both politicians and the public in eastern Europe.

The seeming estrangement from the fundamental values of the European Union witnessed in central Europe is for many difficult to comprehend in light of (i) this region's 20th-century history of emigration as well as caring for immigrants, (ii) the very small numbers of refugees in these countries, and (iii) the fact that the economies of these member states urgently need migrants (p. 46). Krastev, a Bulgarian himself, argues that these responses are in fact not surprising at all, when we consider the region's historical and more recent experiences. These in many ways contradict

some of globalisation's promises. To begin with, the central European countries have experienced 'the darker sides of "multiculturalism"' (p. 48); these states were born out of the disintegration of Europe's colonial powers and the ethnic cleansing that followed, which has made countries like Poland one of the most ethnically homogeneous societies of the world. For the central European states, a return to ethnic diversity represents a return to the troubled times of the interwar period. Equally, the shared experience of the failed integration of Roma in several of these states may be an important reason for eastern European suspicion of ethnic diversity and the capacity of our societies to integrate the ethnically different.

A second shared experience is that of communism, and the transition away from it. This—in Krastev's view the most serious factor behind the East-West division—is reflected in the deep resentment towards cosmopolitanism. Much in the way that Germany's striving for cosmopolitanism was rooted in the legacy of Nazism, so too central Europe's anti-cosmopolitanism is partially rooted in a loathing of communist-imposed internationalism. This resentment is also tied to the failure of liberalism to deliver on its promises. Far from every citizen has gained from European integration and the economic growth in the post-communist member states. A quarter of a century after the fall of the Soviet Union, many eastern Europeans have started to doubt how much their countries have benefited from 'a regime of openness'. It has turned out that '[t]he biggest beneficiaries of the opening of borders turned out to be the brilliant individuals' emigres, the bad eastern European politicians, and the xenophobic western European parties. (p. 53). Being more impoverished than their European neighbours, they wonder why they are expected to show spontaneous humanitarianism. What we are witnessing is a *clash* of, rather than a *lack* of, solidarities in central Europe, Krastev argues (p. 43).

Yet another reason for the displayed 'solidarity deficit' is, Krastev argues, the 'demographic panic' that central European member states are experiencing in face of *de facto* depopulation, resulting from citizens leaving for other, richer, EU member states. Ironically, and sadly, central Europeans leave their countries for reasons very similar to the refugees that they do not want to let in—it is easier to move to Germany, than to turn Bulgaria into Germany (p. 31). This is, as Krastev rightly points out, one of the least discussed reasons for Eastern Europeans' reactions towards refugees. Historical memory is imperative also here, for '[n]ations and states have an unfortunate habit of disappearing in the recent history of eastern and central Europe' (p. 50). The worries resulting from mass emigration are thus not only functional, but based on a (at least perceived) threat of ethnic disappearance.

Here one could note, although Krastev refrains from it, that the 'compassion deficit' accusation hurled at central European countries is one that many western European member states could also rightly be subjected to. With increased East to West migration, western states have become preoccupied with imagined welfare migration, benefit fraud and potential stress on their social systems, demanding that the EU regulations ensuring free movers' certain social rights be revised and reduced. Richer member state cannot care for everyone, they argue. That these citizens were raised and educated at the expense of other member states that are suffering from enormous human capital loss is rarely, if ever, recognised, let alone problematised to find constructive solutions to what is another real challenge for European integration.

The second part of the book addresses 'the spectre of populism' that is so closely entwined with political reactions to the migration crisis. This is, in Krastev's view, ultimately tied to political elites' attempts at having the cake and eat it. More precisely, of trying to reconcile three non-reconcila-

ble things: globalised economies, democracy and sovereignty (p. 70) (as originally formulated by Dani Rodrik). Against this background, he discusses causes of the current dissatisfaction with democracy in Europe. He draws the commonplace conclusion of threatened majorities dynamics behind populist reactions. More interestingly, he suggests that it is not so much a democratic deficit, as it is a demand for 'the meritocratic vision of society to be reimagined' (p. 92) that animates the threatened majorities. Education has not brought about the equality envisioned by the left. Moreover, resentment against political elites, and especially those in Brussels, is rooted in how people develop trust in their leaders not only because of their competence and commitment, but also because they do not leave a sinking ship in times of crisis. This is a form of loyalty that internationally mobile, and nationally detached, meritocratic elites do not (seem) to offer. And loyalty, Krastev suggests, is at the heart of European populism. Though this part of the book is by all means worthwhile, it is the first part of the book's migration crisis argument that offers the more original analysis.

Taken together, Krastev's essay suggests that the deepest of all current EU crises is one of identity. How can the many different historical experiences that lie behind European ideals be reconciled? Simply iterating liberal principles is not going to resolve the negative externalities of liberal democracy. One starting point is of course to critically debate the latter. But there is also the bigger question of how to sustain or (re)create a necessary sense of shared community. In another recent essay-on-Europe style book, Aleida Assman [2018] also picks up the issue of identity, shared memory and history. The EU, she holds, needs a clearly articulated vision of what the shared experience(s) and ideals that define and guide Europe are, its doctrine if you will. Peace-building should not be forgotten, but also important are the historical

experiences of (re)creating rule of law and turning dictatorships into democracies, as well as the development of and fight for human rights. It is very hard to not read her well-meaning pamphlet as naïve, especially in light of Krastev's book.

Yet, both authors are convincing in their stress on identity, memory, and history as core to the EU's crisis and the project's long-term sustainability. It is tempting to suggest that, rather than signalling the start of the end, dealing with crises may be a sign of a certain maturity. Now that a series of crises have unfolded and the union is still—more or less—hanging together, the capacity to 'muddle through' might indeed be one characteristic of a shared European identity. The ambition of the EU should be higher than this—indeed, it is sad to see how the electorates in all the member states have become more xenophobic, suggesting a convergence in a direction away from the core values of the EU. But recognising such capabilities and experiences may be just as important for holding the European project together and moving it forward as formulating a grand (liberal) ideology is. As Krastev notes himself, 'the Union's various crises—much more so than any of Brussel's "cohesion policies"—have contributed to the sense that we Europeans are all part of the same political community' (p. 110). All in all, *After Europe* is a book for anyone interested in trying to understand Europe today and for those who care about its future.

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Atif Mian and Amir Sufi: *House of Debt*
Chicago, IL, 2015: University of Chicago Press, 219 pp.

Adair Turner: *Between Debt and the Devil: Money, Credit and Fixing the Global Finance*

Princeton, NJ, 2016: Princeton University Press, 320 pp.

Both these books are focused on the reasons behind the economic crisis of 2007–2008 and they propose possible solutions to avoid similar scenarios in the future. While the topic is the same, the authors make their observations from different perspectives and positions. Mian and Sufi are American academic economists, while Turner was the chair of the British Financial Services Authority at the beginning of the crises, and then he participated in the drafting of the *Basel III* banking regulations before becoming a senior researcher at the Institute for New Economic Thinking (INET). *Between Debt and the Devil* reflect those experiences. While *House of Debt* is a vulgarisation of an important corpus of research papers published by the authors in various academic journals, Turner's book is much more interested in the institutional and historical side of the events and focuses especially on the role of financial regulation and economic policies.

Both books share the same hypothesis: namely that the key factor for understanding the crisis of 2007–2008 is the excess of private debt. The two books offer a complementary reading of the crisis. Turner quotes several times, in agreement, the work of Mian and Sufi, which was published one year earlier, and Mian and Sufi acknowledge that comments by Turner were 'extremely helpful' while drafting their book.

House of Debt is a straightforward book, written in a very accessible style, even for the uninitiated. It tries to understand analytically the origin of the crisis and it finds