

Introduction

Why write a book called *Europe since 1980*? What is Europe? And why focus on 1980? Was 1980 a turning point in the history of the old continent?¹ This volume attempts to answer these questions, pointing to both global changes and unique European developments that were the main factors, as manifold as they were interrelated, in the dawning of a new historical period.

The first of these factors in order of importance, though not in chronological order, was *the collapse of communism and the Soviet Union, and consequently the division of Europe*. This had an overwhelming impact on every aspect of post-1990–1 Europe. Europe became a safer place and more united. A failed system disappeared and half of the continent emerged onto the road of a difficult but promising transformation. However, the western half of Europe also changed. The half-century-long rivalry between capitalism and socialism during the Cold War influenced Western society and politics. Besides the very visible arms race and the sometimes hysterical witch-hunting, the challenge of socialism inspired social awareness as well as a “social market” policy. This political competition had a long history, stemming from Chancellor Otto Bismarck’s social insurance policy that he instituted to take the wind out of the sails of the rising social democratic movement in late-nineteenth-century Germany.

The decades following World War II were a period of breakthrough for social solidarity. While this development emerged partly as a legacy

¹ 1980 is a somewhat symbolic and arbitrary date for the turning point. In history, except for major revolutionary explosions, it is quite rare to connect major transformations to a single year. Europe began transforming economically, socially, culturally, and politically in the late 1970s, and it continued to do so throughout the 1980s.

of the Great Depression and war, the Cold War also played a role. While reformers in the East dreamed about “socialism with a human face,” flexible Western capitalism institutionalized certain controls and checks on the social impacts of the market after World War II, and the system became more human than ever before. Of course, it is also true that deregulation and the impact of the so-called Anglo-Saxon model of capitalism gained ground from the 1980s on and reversed some of the previous developments.

The collapse of socialism and the triumph of Western democracies and the market system eliminated outside political pressure and competition. The capitalist market system became global and increasingly deregulated. Hazardous risk-taking and speculation gained ground. Whereas the regulated market system subordinated the economy to society, the deregulated market system subordinated society to the economy. This trend became dominant in the United States from the 1980s on. The attempts to privatize the American national parks and the social security system, which were undertaken by the Newt Gingrich-led Republican Congress and by the second Bush administration, respectively, were clear symbolic signals of this trend. The 2008–9 international financial crisis might be interpreted as an outcome of these changes as neo-liberal deregulation spread from America to Europe. Twenty years, however, are historically too short a period for a well-based evaluation of the consequences of the elimination of rivalry between competing systems.

All of these transformations and events were closely connected with the main international and European trends of the age, among them the technological revolution, or as it is more often called, *the revolution in information and communication technology*, a historical change comparable only to the British industrial revolution. As I will argue, the technological revolution played the central economic role in the collapse of communism because the Soviet Bloc countries were unable to follow in the technological transformation, making them terminally backward and vulnerable. In indirect ways, the technological revolution thus contributed to the reshaping of Europe. Besides radically transforming the economies of Europe, technological development also contributed to the change of demographic trends via medical and pharmaceutical technology, and also influenced the social fabric by causing a major restructuring of the occupational structure and class relations. Modern technology fundamentally changed everyday culture and entertainment as well.

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Although strongly connected to technological transformation, *globalization* deserves a separate mention. This highly controversial and debated change emerged from the 1980s on as the outcome of a gradual quantitative development of world trade and financial transactions. It was also an outcome of corporate and managerial developments, and of the gradual rise to power of multi-functional and multinational companies. In this respect, globalization is the consequence of the development of market capitalism. This trend gained ground alongside rising industrial and financial capitalism in the late nineteenth century, which was a globalizing, though not fully globalized, system. Although its backlash in the interwar decades halted and reversed this trend, it reemerged after World War II and broke through from the 1980s on.

On the other hand, globalization is also a deliberate policy that gradually emerged after the postwar collapse of colonialism. The market and labor-seeking investments of multinational companies led to the foundation of subsidiaries throughout the world. The deregulated financial system penetrated the global economy, and venture capital funds replaced solid business activities and made enormous profits. The impact of globalization is far-reaching, influencing both winners and losers. Its economic consequences opened a new chapter in the advanced world, but they also did so in the transforming countries of the Eastern half of the continent, and in some of the former developing countries. It increased the flow of goods, capital, and labor in such a significant way that foreign direct investments transformed entire regions, partly by further enriching the advanced countries, but also by driving forward in an unheard-of way the process of catching up in some of the well-prepared less developed countries. Consequently, migration also became a central economic and socio-political issue.

The ideological impact of globalization also became global, resulting in a triumphant neo-liberal takeover and a conservative upsurge from the 1980s on, as well as the negation of the philosophical assumptions of the Enlightenment and the spreading of new postmodern cultural trends. The political party system was also radically restructured, including the rise of “catch-all” and populist parties.

The three decades around the turn of the twenty-first century, however, were a period of clashing and struggling trends. The spread of neo-liberal market fundamentalism generated powerful resistance, and the European Union successfully defended its Social Europe project, introducing a cohesion policy to counterbalance brute market forces

and their polarizing impact by redistributing income and assisting backward regions.

Moreover, if the triumph of neo-liberal ideology and policy might be said to have originated in the dual crises of the 1960s and 1970s, the new major financial crisis of 2008–9 and its consequences might signal the end of neo-liberal dominance. The previous crisis caused the failure of Keynesian economics, but the 2008–9 crisis appears to have brought about the failure of neo-liberal economics and its Reaganite–Thatcherite realization. Has the circle closed? Will Europe return to a regulated market system?

Before the 1980s, it was commonplace in Europe to think that the state had to play an important role in the economy, and that it had to counterbalance the negative social impacts of the market. The unparalleled postwar European boom was the period of the big state, the mixed economy, and the building of the welfare state. After 1980, the state was disqualified as “being the problem, not the solution.” The Cold War victory of the West inspired a triumphant ideological *Zeitgeist* of “de-statization.” The 2008–9 financial crisis challenged this view. Nothing may illustrate that better than one of the spring editorials in the conservative publication *The Economist*. The journal, though it “stands firmly on the side of the liberal Anglo-Saxon model,” registered the satisfaction of Europe that the idea that “their economies are sclerotic, over-regulated and too state dominated,” which America and Britain consistently preached to them, became questionable after the global economic meltdown. “Rather than challenge *dirigisme*, the British and Americans are busy following it . . . Getting regulation right matters as much as freeing up markets; an efficient public sector may count as much as an efficient private one.”² However, it is an open question whether this is a transitory change that will not last for long, or if it is the beginning of a new epoch with a new economic paradigm.

The interrelated trends of technological change, globalization, and the collapse of communism in the Eastern half of the continent opened a new chapter in the *European integration process*. The end of the de facto existence of “two Europes,” and sharp worldwide competition in a strongly free-trade world system, led to a most impressive new development: the rise of the European Economic Community. The original Community of six countries was founded in 1957, expanded

² “A New Pecking Order,” *The Economist*, May 9–15, 2009, 13.

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in 1973 to include three new members, but then experienced an unparalleled and still open-ended enlargement process from the 1980s on that increased its numbers from nine to twenty-seven member countries, with seven candidates and potential candidates still waiting in line, most of them belonging to the peripheries of the continent. Such a feverish enlargement process sets new questions about the borders of Europe.

So, *what is Europe?* The traditional geographical content of the term is clear, but it is an insufficient answer to the question. When the European Community was established, the six founding countries were similar in an economic, social, and cultural sense. Since 1980, countries came forward to join that were mostly from the European peripheries: the Iberian Peninsula, the Balkans, and Eastern Europe. Economically they were much less developed, and had different historical, political, and cultural backgrounds. The half-millennium Ottoman rule in the Balkans, and its Greek Orthodox cultural characteristics, caused important differences. Many historians believe that the Greek-Orthodox borderline separates Europe into two differing worlds. Are the countries East of that dividing line able to fit into a homogenous European Union? Geography does not help to answer this question. Turkey's application and candidacy especially challenged the geographic concept because, except for a small edge at Istanbul, the bulk of the country, which includes 95 percent of its population and its capital city, are all geographically outside of Europe. Furthermore, several West European countries, *viz.*, Spain, France, and Italy, have traditionally had much closer connections with countries on the southern rim of the Mediterranean Sea than with the Balkans. Does the so-called "Mediterranean challenge" for the European Union reformulate the answer to the question on Europe, and suggest the inclusion of the entire Mediterranean Basin, North Africa, and the Middle East? Russia's location in Euro-Asia itself challenges the geographical definition. Some of the southern republics of the former Soviet Union, now independent states, are within traditional geographic Europe, but different in most other respects.

What is Europe? The old member countries of the European Union answered this question by rejecting a geographic interpretation. They considered historical factors, as well as economic, political, and cultural ties and interests. According to this view, Europe is a civilization project, based on the legacy of Judeo-Christian, Greco-Roman, Renaissance, and Reformation values. Industrial civilization

originating in the British industrial revolution also offers a common base, together with civilized political arrangements embodied in the legacy of the Treaty of Westphalia. These legacies are called Western civilization. However, Europe has violated these values and principles thousands of times through vicious intolerance, inquisitions, bloody wars, ethnic cleansings, and genocides. The history of twentieth-century Europe tragically exhibited all the flaws of this civilization. As Tony Judt argues, while Europe creates “heritage sites” and memorial “chambers of historical horrors,” it also wants to forget the twentieth century, as the subtitle to his volume suggests, in the hope that “all of *that* is now behind us.”³

The 2003 draft constitution of the European Union speaks about “religious and humanistic traditions,” and “overcoming old divisions,” without even mentioning wars and ethnic cleansings. However, it is not enough to try to forget. “In spite of cooperation the Europeans will not achieve integration and a collective identity as long as their national images of memory diverge.”⁴

The European project has still been based on those cherished and selected Western values originating in its heritage, even if it is still a work in progress. That set of values forms a common cultural base in spite of the multitude of cultures and languages, and different historical experiences. The European project is the outcome of being in a permanent state of change, accommodating several waves of external effects, among them a number of invading “barbarians,” and during its entire history it has absorbed various ethnic and cultural influences.

Europe is a continent of the willing. Nation-states emerged 200 years ago because of the population’s *will* to become one nation. Friedrich Meinecke, the leading German historian, concluded his study on the origins of the German nation-state by stating: “a nation is a community that *wishes* to be a nation.”⁵ This statement proved to be true throughout the nineteenth and twentieth centuries, including the end of the last century, when several new independent

³ Tony Judt, *Reappraisals: Reflections on the Forgotten Twentieth Century* (New York: Penguin Press, 2008), 4.

⁴ K. H. Jarausch and T. Lindenberger, quoting J. Fried, “Erinnerung und Vergessen,” *Historische Zeitschrift* (2001), 273, in “Contours of a Critical History of Contemporary Europe: A Transnational Agenda,” in K. H. Jarausch and T. Lindenberger (eds.), *Conflicted Memories: Europeanizing Contemporary Histories* (New York: Berghahn Books, 2007), 1.

⁵ Friedrich Meinecke, *Weltbürgertum und Nationalstaat: Studien zur Genesis des deutschen Nationalstaates* (Munich: R. Oldenbourg, 1908), 9.

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nation-states were established, some of them without historical predecessors. What happened to the nation-state would happen to Europe as well. What the continent needs is the will to be a European nation. Europe, according to this concept, belongs to those who want to belong to Europe: “Europe is not the mere representation of a geographical or historical reality. Europe is better understood as the emanation of the *will* of those who sense that they belong to it.”⁶

The “widening” process of the European Union incorporated countries with highly different economic and social levels. Nevertheless, the history of the Union is the history of an effort to homogenize Europe. A successful cohesion policy assisted the elevation of several backward regions to the level of the Western core. A parallel process of a decisive “deepening” of economic integration also made great progress towards establishing a single market and a common currency. Further political integration also acquired major new incentives. The European social model and the postwar welfare state, though they were challenged and curbed several times, were ultimately preserved. The new and permanently transforming European Union altered the face of Europe. In the long run, it promises a much more homogenized continent.

The question of Turkey, a strongly *willing* applicant of the European Union, is central for the future of Europe. However, the people and political elites of Europe are strongly divided about its acceptance. Turkey introduced major reforms to adjust to European norms. For half a century, it has been a solid part of the Western military alliance, NATO. The Kemalist legacy of westernizing Turkey has been alive for nearly a century. The country not only changed the alphabet of its state language after World War I, but it also established a secular state in an Islamic country. It was part of Europe for centuries, participating in its wars and making alliances and trade connections. The destiny of Turkey is probably to be a bridge between Europe and the neighboring Islamic world.

According to opposing views, however, Turkey’s non-European cultural-political heritage, and the potential danger of the rise of its fundamentalist Islamic opposition, combined with its huge population and the backwardness of its economy, might undermine Europe’s economy and identity. This may endanger the development towards

⁶ Robert MacLennan, “Foreword,” in Guido Snel (ed.), *Alter Ego: Twenty Confronting Views on the European Experience* (Amsterdam University Press, 2004), 9. Italics added.

a more homogenized and integrated unit, and the possibility of a European nation.

The debates are far from being concluded. Turkey, though a serious and legal candidate of the European Union, was not part of Europe in the period 1980–2010. Hence only the question of Turkey, and not the discussion of Turkey itself, belongs to the story of this volume.

With or without the Turkish question, the “European Project” has been a heatedly debated issue from the 1960s to the present. On the one hand, a powerful political and intellectual camp believes in, and works on, an ongoing “federalization process.” Though it has a centuries-long history, national consciousness and identity, they argue, were artificially created, and so it is equally possible to build up a European identity. As one of its proponents argues, if there is an Indian nation, Europe can also emerge as a nation. Europe is indeed becoming more and more homogenous. Young people are spending more time in other European countries, and they are increasingly cosmopolitan, or European. The educational systems are more harmonized. History textbooks have dropped hostile, nationalist interpretations of the European past, and they use standardized images to illustrate dramatic events in the past. University diplomas have general European validity. European student exchanges, youth summer camps, and even transnational relationships and intermarriages forge closer ties. The European consumption model and way of life is becoming increasingly standardized. Transnational shopping has become an everyday experience in border zones. People are buying retirement homes in other countries, and two-thirds of the people spend vacations abroad. “Transnational links and hybrid identities could in the future form a new basis for European – rather than nation-state – integration.”⁷ Besides the single market and common currency, the way towards a federal future may be paved by common symbols, the European passport, and joint institutions such as an elected president, a common foreign policy, and a joint army. If some countries are not ready to go down the federalizing road, a two-tier structure seems to be an alternative for many, uniting those who are ready, while others remain in the second tier. In such a structure, the slowest-moving, hesitant, and “euro-skeptical” members would not determine the development of the European Union. A rapidly further integrating core, open to all other members to join, would reach the goal more easily.

⁷ Karen Schönwälder, “Integration from Below? Migration and European Contemporary History,” in Jarausch and Lindenberger (eds.), *Conflicted Memories*, 154–63, 160.

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An equally, or even more powerful camp, however, rejects the federalization project, or has serious doubts about its reality. Europe never was a *Gemeinschaft*, it is “a conflictual space of existence rather than a chosen place to belong.”⁸ They maintain that the “illusion of Europe” cannot survive a continent-wide test, and a liberal order throughout Europe is much more important and realistic than federalizing part of the continent. While economic integration is serving a common European interest well, political integration – as several influential political groups maintain – is colliding head-on with national interests. Enlargement of the Union, argues the opposition, went too far and has to stop. The voting down of the European Constitution in France and the Netherlands was mostly rooted in these considerations. Several influential politicians and parties, and in some countries the majority of the population, worry about a further “deepening” of the integration towards a federal Europe. They speak about over-ambitious, utopian ideas that may even undermine Europe’s achievements and lead to its disintegration, and which thus have to be dropped.

The description and analysis of these complex social, economic, political, and cultural transformations forms the content of this volume. An epilogue looks to the future. What happens if existing internal and international trends continue? Will Europe rise as a superpower? Will regional disparities wither away? Will the development of the “ever closer union” lead to the creation of a European nation and federal rearrangement, or will overexpansion and discord endanger the existence of the Union? Will the grim prophecies of decay and degradation turn out to be realities? Several alternatives are concealed in the future, and no one is able to answer these questions. But is it appropriate to forecast by extrapolating trends from the present? My answer to this question as a historian is negative. I think, however, that trying to look at various prospects may serve to give us a better understanding of the present and of the requirements of the future.

⁸ Michael Geyer, “The Subject(s) of Europe,” in Jarausch and Lindenberger (eds.), *Conflicted Memories*, 254–80, 274.

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Europe Approaches the 1980s: The Dual Crises (1968–80)

World War II, the most shocking historical and demographic catastrophe in European history, undermined Europe's position in the world. About 40 million Europeans perished, and huge parts of the continent were left in ruins. At their postwar nadir, the combined Gross Domestic Product of Austria, Germany, Italy, Belgium, and France had declined to less than half its prewar level. Bombing and street fights fatally destroyed Berlin, Dresden, Hamburg, Leningrad, Warsaw, and Budapest. The population of the Soviet Union, Poland, and Yugoslavia was literally decimated, the European Jewry was nearly eliminated, and tens of millions of people were uprooted. Devastation, inflation, and starvation left Europe on its knees.

Moreover, the clouds of a rising new conflict darkened the horizon at the end of the war. A creeping Cold War, with conflict and confrontation between wartime allies, brought uncertainty and fear to the shocked continent. The Soviet Union occupied and soon sovietized the countries east of the River Elbe that it had liberated from Nazi German and local fascist rule. The Eastern half of the continent was isolated from the West by a Soviet-type economic system and social-political regime and formed separate Soviet-led economic and military arrangements. In terms of trade, travel, and communication, exchange between the two halves of Europe was limited to a minimum. Several people believed that Stalin wanted to enlarge his buffer zone by occupying additional parts of the continent. The Berlin crisis in the spring of 1948, when the Soviet Union blocked surface connection between the Western occupation zones of Germany to West Berlin, brought the possibility of armed conflict to within arm's length.