



Europe as Idea and Political Economy

by José Tavares

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The idea of Europe has rarely appealed to unity. Europe is a small land mass, densely populated, with a relative abundance of coasts and great number of rivers, with barely deserted or inhospitable areas. The happiest image is that of Europe as a walkable continent, with few physical barriers and tremendous variety. George Steiner has produced a synthesis of Europe in the form of praise for density, another name for diversity.

Integration, economic or political, is accompanied by certain unifying myths. In the case of Europe, we should not take these seriously unless they intelligently accommodate diversity. The 'unity in diversity' motto is but a starting point, which needs to be incarnated. The size of political units may refer to population, land area, or other resources. Size brings along its natural brother, scale, which reduces the cost of providing common policies associated with a fixed cost. Larger polities can also deal better with side-effects: activities whose nature and intensity is decided by one set of party but affects other, 'silent', parties. However, size raises additional difficulties as larger jurisdictions, all else equal, need to accommodate a more diverse population and reality. Europe, as compared to other political spaces such as the United States, is likely to 'suffer' from diversity.

The process of European integration has dealt with market size appropriately, facilitating international integration which is a substitute to reliance on national markets alone. However, European integration has dealt poorly with defence issues, timidly undertaken transfers from richer to poorer regions, and provided almost no internal insurance to economic fluctuations.

Can European citizens identify with a policy-intensive European union in the same way they identify, at a basic and probably 'irrational' level, with fighting for an old, abstract, national community, desired as eternal?

The existence of an area-wide tax transfer scheme is seen by many as a prerequisite for an optimal currency area. Countries can insure through borrowing, but that option is limited, and cannot counter permanent or persistent income shocks. Policies at the European level have been shy at countering these shocks, in part due to the level of political coherence needed to approve these

type of transfers.

Furthermore, there is a difference between economic risk, which may be decreased by pooling income and resources across countries, and political risk, associated with the fact that more populous countries may want to change the policy itself, once resources are pooled. It is different if the most populous countries are relatively rich or relatively poor. European integration has been successively extended to smaller or poorer countries. In many cases, both. This has facilitated enlargement.

A citizenship based on participation and solidarity is probably a pre-condition to face risk and provide institutional insurance that can be valued by all Europeans. The non-national bases of this solidarity need to be nurtured – created? – so that major economic fluctuations and security threats can be dealt with appropriately, without furthering conflict. However, one cannot but think that the type of solidarity in economic hard times that we find within nations needs to be reproduced at the European level.

I will argue there are three necessary elements to build a polity. The first is sharing a common history, which usually means sharing episodes of pain and suffering and, yes, achievement. Europe is in the odd position of sharing a dense common history where, unfortunately, citizens of different countries have found themselves on opposite sides of the suffering. The strange exception is probably the Holocaust, and to a lesser extent the colonial experiences, which have emerged slowly as common and deeply shared concerns for the accumulated guilt of Europeans. Extending the realm of common defence and, especially, peacekeeping within Europe and in its margins, is probably the best way to start building a positive common history. That is the dying part of building a polity

Nations have also been brought together by the pooling of resources through taxation. The Americans cried 'no taxation without representation', but there is no meaningful representative democracy without taxation either. Citizens and voters pay attention when they are taxed. A European tax that replaces government approved transfers of funds can do marvels to interest Europeans in Europe. This is the paying part.

Finally, voting. The European project needs anchor figures voted for office directly by Europeans. A presidential figure elected by Europeans following the rule 'one European, one vote' would be a good start. A figure to love and to hate, that could address Europeans with the legitimacy of the vote and, why not, have an important say in the dying and the paying issues that would promote a new citizenship and a new polity.



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