

,Europe is like alcohol'?

a VSS 2012 seminar

by

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„Europe is like alcohol“?

- Used by PM Viktor Orban in his 15th yearly evaluation speech in February 2012
- „...it inspires to big goals and keeps you from achiving them.“
- **Populism? Anger? Euroscepticism?**

What's for today

- Mindtuning: to put this in the same context for us all
- V4 lessons: how we operate in this context
- Discussion: do we agree on the context?
+ now what?

Mindtuning 1 – EU ideology

- 1949: make war ‚materially impossible‘ + reinforce democracy /Robert Schuman/
- Failed attempts of defence and political communities -> European Economic Community
- Single market and free movement is in the heart of the EU
- ***Current biggest question: federal state-building OR atomic economic cooperation?***

Mindtuning 1 – EU ideology

- 1949: make war ‚materially impossible‘ + reinforce democracy /Robert Schuman/

- Failed attempt to create political communities -> Economic Community

Bank union?

market and free the EU

Fiscal union?

Integrated economic policy?

- *Current biggest question: federal state-building or cooperation*

Political legitimacy?

Mindtuning 1 – EU ideology

- Peace and stability
- Liberal and democratic standards
- Promotion of economic and social progress
- *Acquis communautaire* – same standards
- Subsidiarity
- Civic engagement
- Decision-making process through compromise and dialogue

Mindtuning 2 – 2-speed EU?

- Michael Mertes, Norbert J. Prill 1989:
concentric circles
- Karl Lamers, Wolfgang Schäuble 1994:
Kerneuropa (core Europe)
- Nowadays: €, Constitution, Schengen

Mindtuning 3 – de/centralization

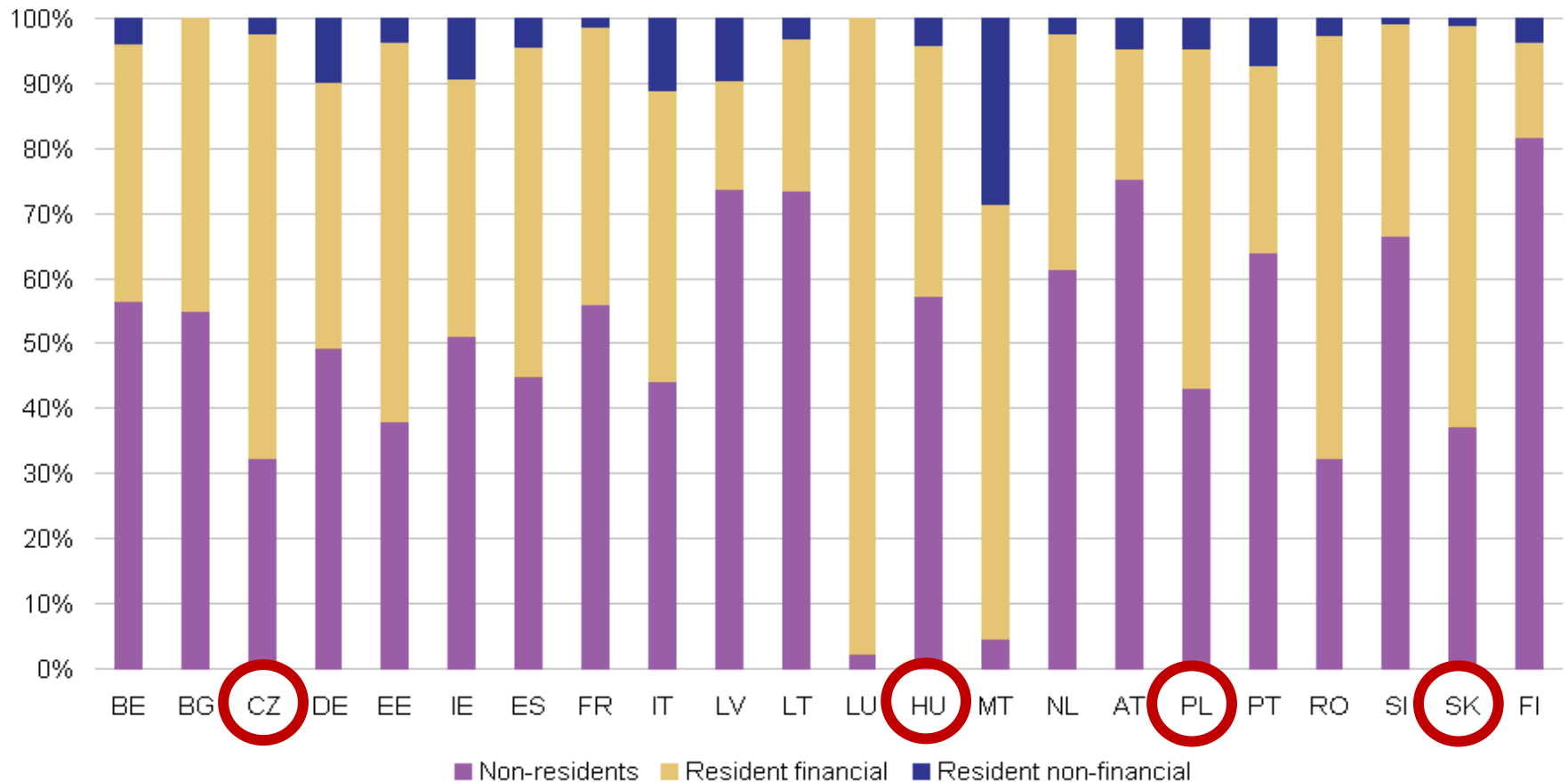
- Contrary to popular knowledge EU is responsible for 10 to 40 % of national legislation (depending on particular country)
- EU has power of creating rules and forcing countries to obey them – not traditional executive power
- Treaty of Lisbon gave more powers to national parliaments as well as to European Council
- EU less federal, hardly governable and with indirect or weak democratic legitimisation

Mindtuning 4 – economic (inter)dependency

- €: wrong policies financed by other member states – Greece, Portugal, Italy, Hungary...
- Maastricht and ECB rates: the risk of an asymmetric shock

Mindtuning 4 – economic (inter)dependency

Government debt by debt holder



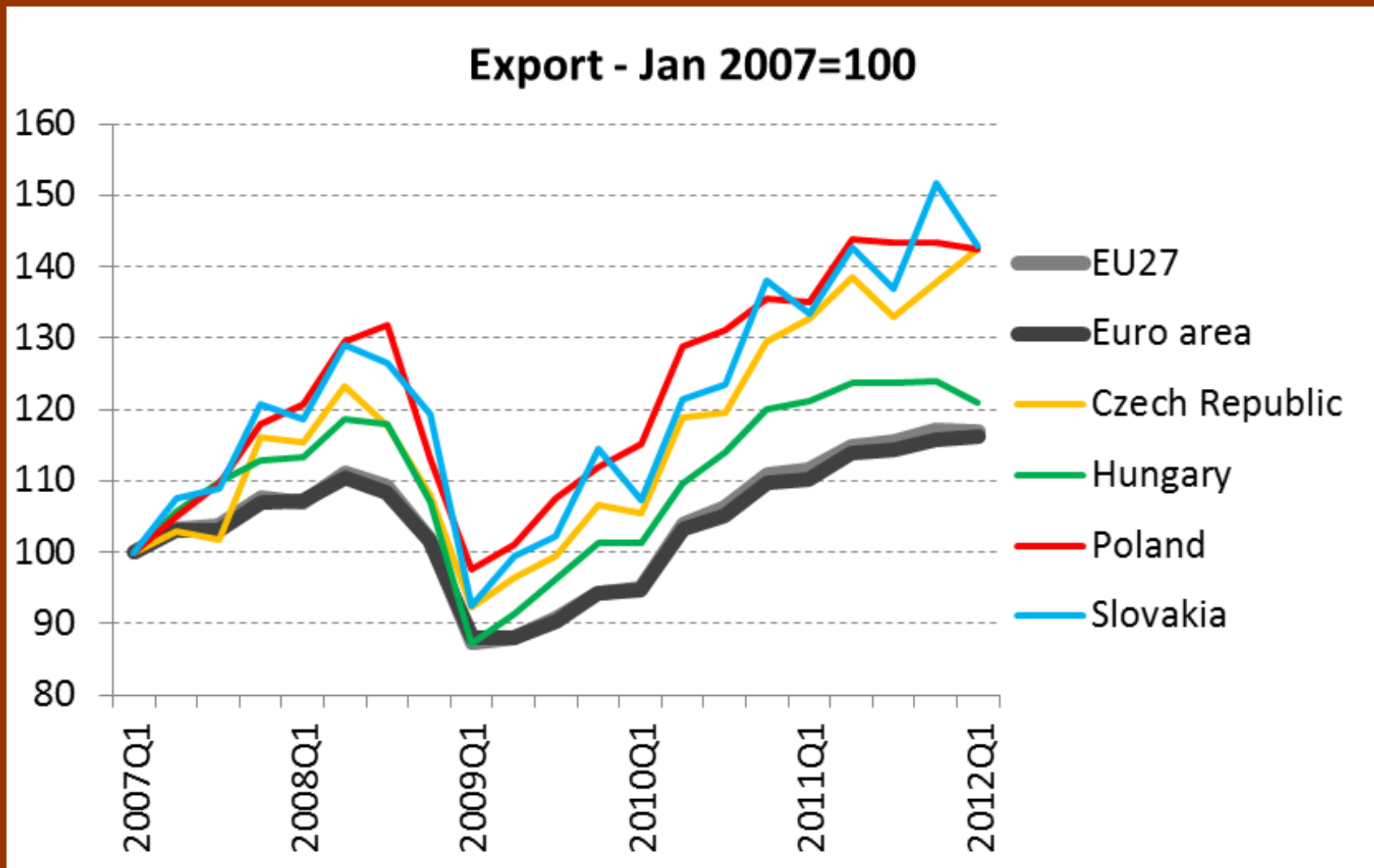
Q & A

- Do you see the same problems?
- Do you see the problems the same?
- Do you see other important problems?

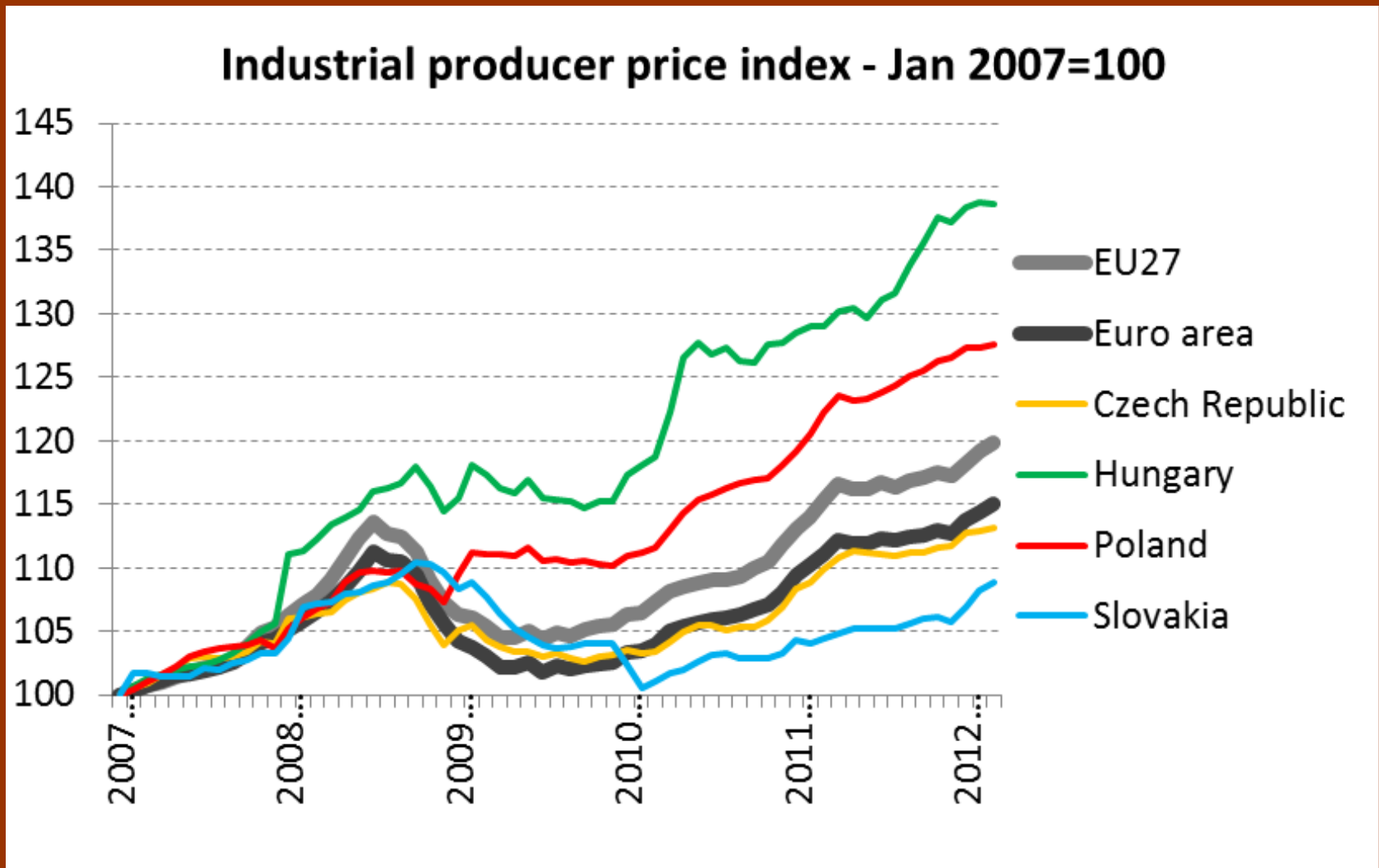
V4 lessons 1 – € or what you will



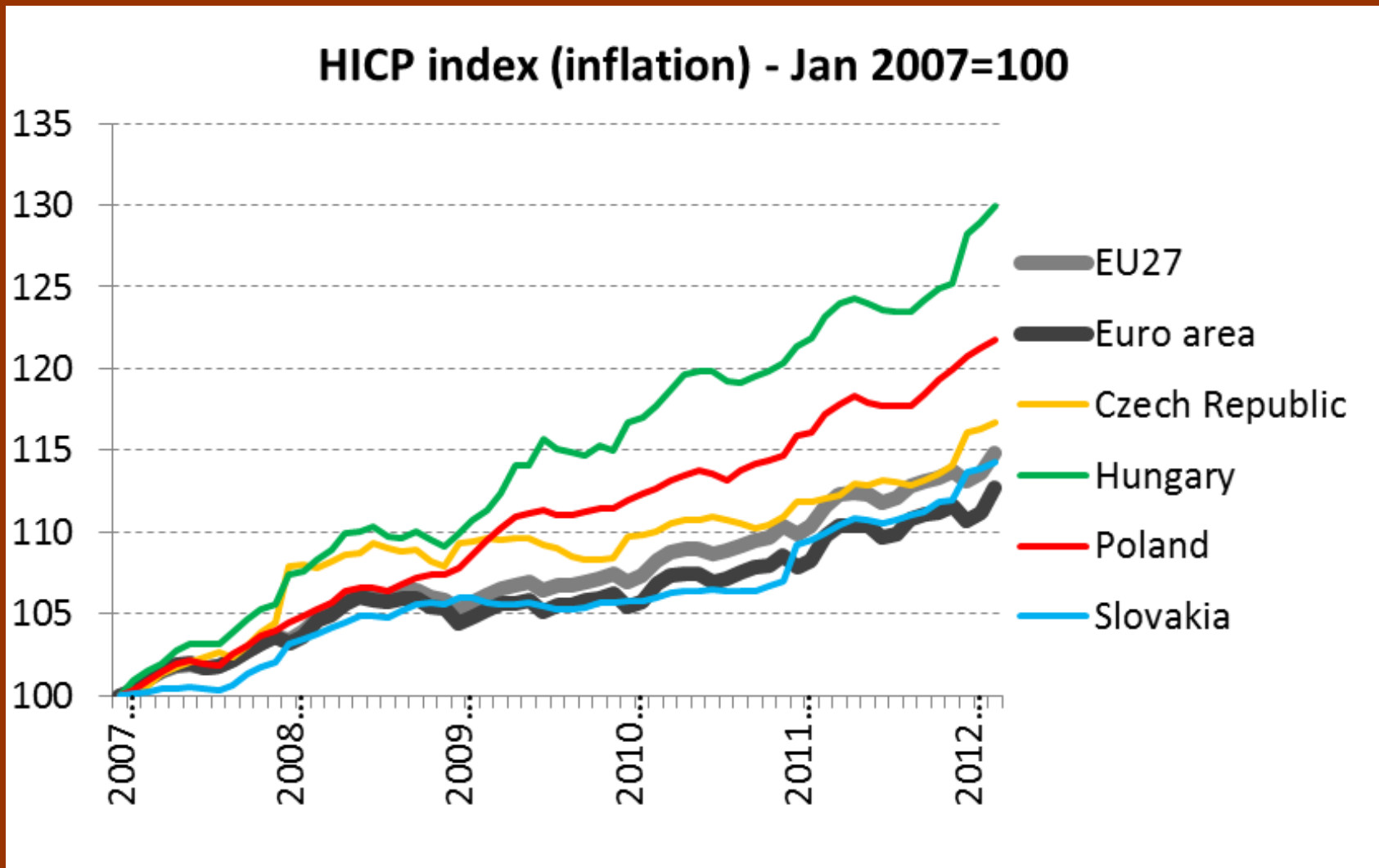
V4 lessons 1 – € or what you will



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V4 lessons 1 – € or what you will



V4 lessons 2 – Poland – a stronger voice

„I declared my commitment to the European community‘

[...]

„We are standing at a crossroads, in front of us is a very serious choice, whether in this time of crisis we choose the community path or national and state egoism.

Selfishly seeking rescue and seeing the community as ballast is not the best way out of the crisis for Europeans‘

/Donald Tusk, summing up Polish Presidency in EP, Dec 2011/

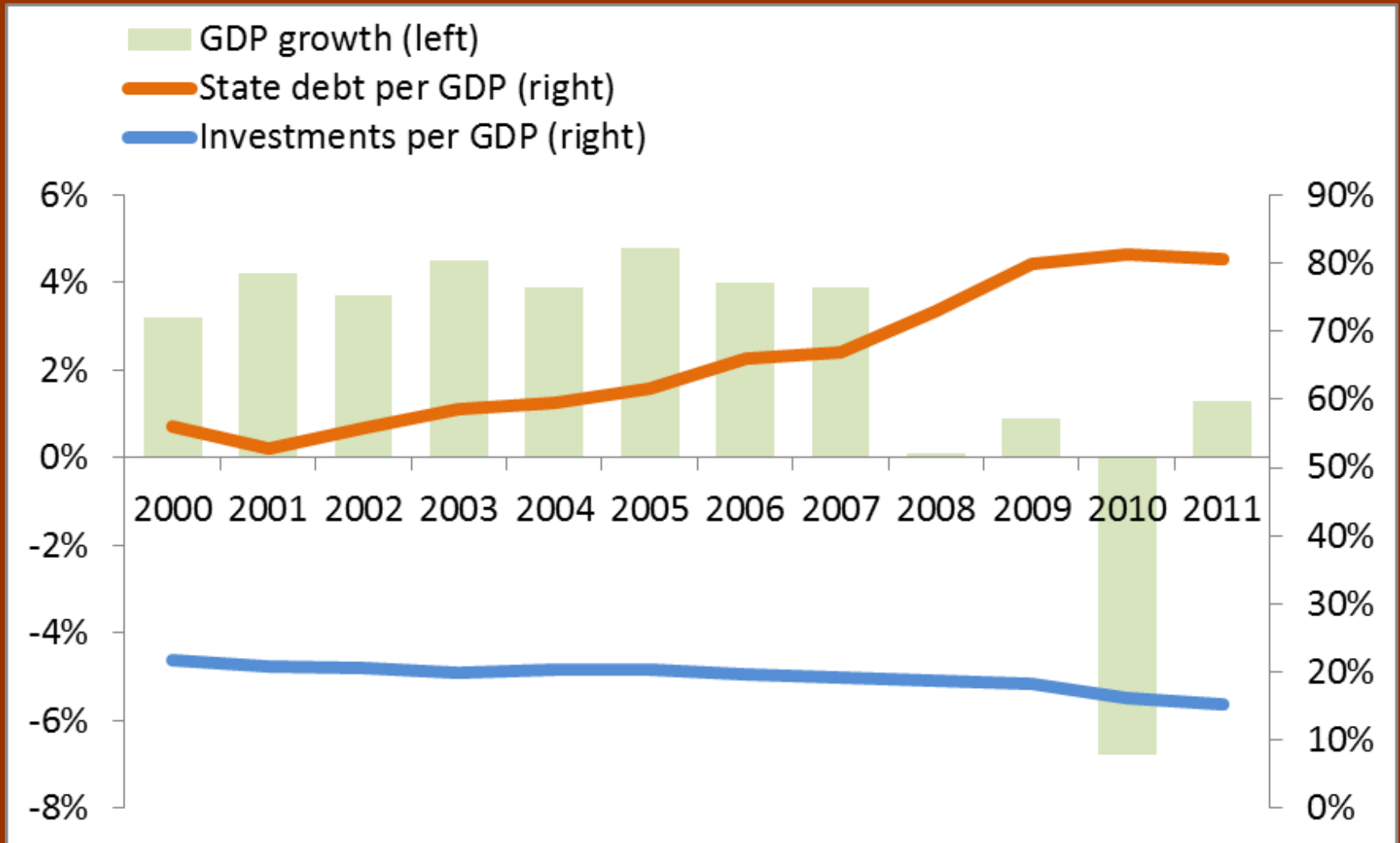
V4 lessons 2 – Poland – a stronger voice

- Transition success story
- Good economy, political stability, predictable cooperative government
- EU funds and consumption behind „Green Island of growth“
- European crisis and Polish growth – rise of relative power

V4 lessons 3 – Hungary – autocracy vs democracy

- Media law
 - Constitution
 - Jurisdiction and other institutions
 - Powerful state
- > active infringement proceeding by EU

V4 lessons 4 – Hungary – Catch 22 or growth in debt

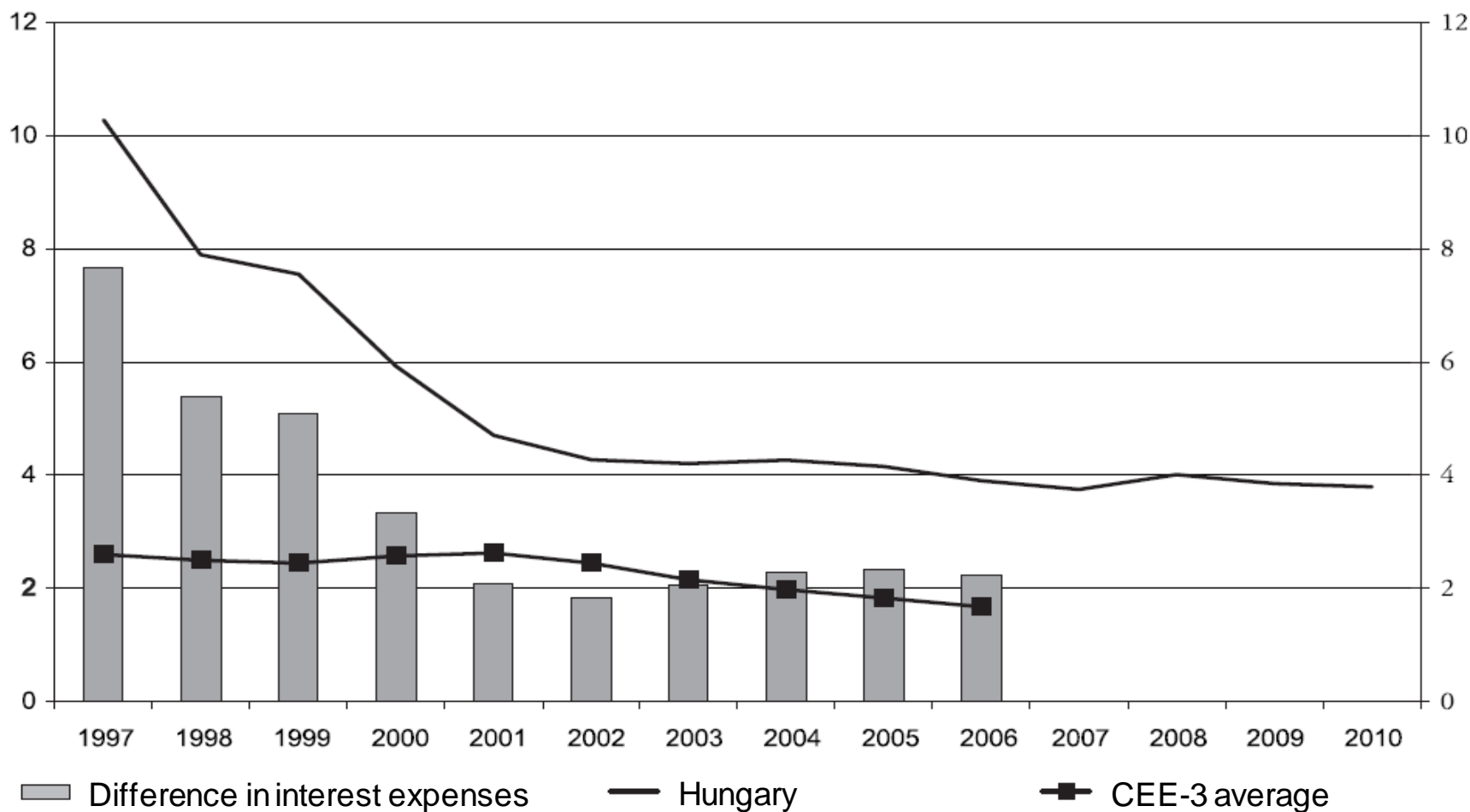


V4 lessons 4 – Hungary – Catch 22 or growth in debt

- Last cost cut: 1995 (the ‚Bokros pack‘)
- 1st Orban (1999): subsidized mortgages, pension increase, 300 km highway
- Medgyessy (2002): +50% state salary, pension for 13th month
- Gyurcsany (2004-7): income tax and VAT decrease
- Ever since: cost cuts + 2nd Orban’s tax reform (more from big companies, less from people)

V4 lessons 4 – Hungary – Catch 22 or growth in debt

Interest expenses in Hungary vs. CEE region



Q & A

- Are you aware of these V4 issues?
- Do you see these issues the same?
- Do you think other issues are more important?

,Europe is like alcohol'?

So what was it?



Populism?

Anger?

Euroscepticism?

Discussion

2-speed EU?

Federal state building?

Poland: Green Island of
Growth?

„Europe is like alcohol“?

Hungary: growth in
debt?

€?

Centralization?

Hungary: autocracy?

Thank you!

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