COVER STORIES Sara Boutall, Radka Denemarková, Alexander Kriwoluzky, Tomasz Stawiszyński, Pawel Zerka POLITICS Emil Brix ECONOMY Heiner Flassbeck CULTURE Benjamin Cunningham INTERVIEW Dmitri Trenin



#### About Aspen

**Aspen Review Central Europe** quarterly presents current issues to the public in the Aspenian way by adopting unusual approaches and unique viewpoints, by publishing analyses, interviews and commentaries by world-renowned professionals as well as Central European journalists and scholars. The Aspen Review is published by the Aspen Institute CE.

**Aspen Institute Central Europe** is a partner of the global Aspen network and serves as an independent platform where political, business, and non-profit leaders, as well as personalities from art, media, sports and science, can interact. The Institute facilitates interdisciplinary, regional cooperation, and supports young leaders in their development.

The core of the Institute's activities focuses on leadership seminars, expert meetings, and public conferences, all of which are held in a neutral manner to encourage open debate in three areas:

- *Leadership Program* offers educational and networking projects for outstanding young Central European professionals. *Aspen Young Leaders Program* brings together emerging and experienced leaders for four days of workshops, debates, and networking activities.
- *Policy Program* enables expert discussions that support strategic thinking and an interdisciplinary approach in topics such as digital agenda, cities' development and creative placemaking, art & business, education, as well as transatlantic and Visegrad cooperation.
- *Public Program* aspires to present challenging ideas at public events, such as the Aspen Annual Conference that convenes high-profile guests from all over the world to discuss current affairs, and via Aspen Review Central Europe.



# Review Covid-19 vs. Civil Society





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**ASPEN.REVIEW** 

**FOREWORD** 

# **Covid Society**

#### Dear Readers.

Since you will be holding the new issue of Aspen Review at a time greatly impacted by the world-wide Covid-19 pandemic, we have made it the central theme of the publication. We are living at a time when one can speak of a crisis of a double character, not only involving public health, but also consisting of an economic dilemma. One can also speak, with definite probability, of a a social change in the future.

There is no doubt that we should not succumb to negative emotions, but should instead look to the future with hope, learning lessons from our experience and perceiving a light at the end of the tunnel. We need to stop and ponder what possibilities these new realities bring and begin to direct our efforts at what will take place in the future.

We provide here interesting perspectives and views. What is the role of trust, so important for all of us, which is waning at present in our lives? Radka Denemarková draws attention to the role of trust where we currently view it as most important – people's faith in the state and the state in its people. The example of Taiwan not only makes reference to the already-mentioned trust, but also to the importance of values, the need for clear defined goals and the role of communication and thoughts concerning what democracy actually means at this particular time.

The Covid pandemic need not be perceived as merely a threat, but as a kind of breaking point, where people come together and are able to perceive this change and stand up against it. We need to make use of our common sense, new technologies, our energies and move on, as our young alumni Sara Boutall writes.

The current day is also a test of humanity, solidarity and the ability to cooperate and communicate effectively. It is a major test for Europe. How can we emerge from this in the best possible way and strengthen the role of Europe, not only economically, but socially? What are the actual values of today's Europe? How can Central Europe help thanks to its historical experiences? This is dealt with not only in Emil Brix's interview with Zbigniew Rokita, but also in the articles with an economic theme.

Aspen both wants to and will look toward the future in all of its activities, supporting constructive dialogue as to how to best come to terms with this kind of situation and seek out solutions, along with a wide range of respected personages, for our prosperity as a whole. This will not only be on the pages of Aspen Review, but also in all of its additional programs.

I would like to express my thanks for your support and hope you will find on these pages new ideas along with both benefits and inspiration for you and your surroundings. Due to the covid-19 situation, we will focus more on the Aspen Review on-line edition next year, apart from the printed version which will be published on an occasional basis. Stay tuned to learn more!

I wish you health, positive energy, respect and courage.

MILAN VAŠINA

Executive Director Aspen Institute CE

#### **ASPEN.REVIEW**

EDITORIAL

# How Germany Again Became One Country

"The Berlin Wall has fallen. This is the end of Yalta. The end of Stalin's heritage and the defeat of Nazi Germany."

The note was written on 9 November 1989 by Anatoly Chernyaev, international affairs advisor to the Soviet leader Mikhail Gorbachev. Chernyaev had been a long-time employee of the international department of the Central Committee of the Communist Party of the Soviet Union and became more aware of the consequences of the fall of the Berlin Wall than anyone else in the circle of Gorbachev's closest associates. He realised that the question of German reunification would soon be on the agenda. And that the Kremlin had to define the conditions under which it could agree to it.

Chernyaev, an experienced Soviet analyst and expert in international relations, showed an excellent sense of timing. In the same month, on 28 November 28 1989, German Chancellor Helmut Kohl presented a ten-point plan for German unification to the Bundestag. It was a bombshell—the German leader had not warned warn anyone of his intentions, except for his closest associates and the US President George Bush.

Paris and London reacted with outrage—Kohl's proposal meant questioning the Yalta order, to which the capitals of Western Europe had got used to and even got and even got to like. After all, Yalta secured them a harmless Germany mainly interested in economic development and transatlantic cooperation; a country as quiet, predictable, and even intimate as the capital of the Federal Republic at the time, the sleepy little town of Bonn (which today almost no one except its inhabitants would be able to point out on the map).

Although West Germany even without the GDR and the lands that had been "under temporary Polish administration" since 1945 (as it was termed in Germany) was the most populous country in Europe, its demographic and economic advantage was offset by the provisions of Yalta. Germany, in contrast to the four victorious powers of World War II—the US, the USSR, Great Britain and France—could not possess nuclear weapons and in geopolitical terms was, as Zbigniew Brzeziński put it, an American protectorate.

This is why the vision of absorbing the GDR with 16 million citizens, and thus moving the Bundesrepublik's border a few hundred kilometers to the east, seriously disturbed French President François Mitterrand and British Prime Minister Margaret Thatcher. Both understood that this could upset the balance of power in Europe in favour of the united Germany.

The support of the United States proved crucial. The Americans supported the Kohl Plan from the beginning, because they saw the reunification of Germany as an opportunity to marginalize the Soviet influence in Eastern Europe and at the same time strengthen their favourite European ally (Germany). On the other hand, they believed that the reunification of Germany should go hand in hand with closer European integration, which they considered to be beneficial to American interests at the time. They therefore insisted that Kohl should try to get along with Mitterrand.

The cunning French president realised that he would not stop the reunification on his own, if the Americans considered it to be in their interests and the Russians decided to make money from it. He decided to make a gamble and gave the Germans an offer they could not refuse: he would agree to the reunification in exchange for Germany adopting the common European currency, the euro. In this way, the former European Economic Community was soon to become the European Union and Western Europe was to integrate not only economically, but also politically. Mitterrand hoped to tie the united Germany to France and at the same time secure Paris' leading position in the Franco-German tandem.



Helmut Kohl loved the German mark like his own mother, but he thought that (East) Berlin was worth the mass. German Christian Democrats had declared throughout the post-war period that German reunification was their primary goal, and now at last an opportunity appeared to achieve this goal. Kohl could not miss this chance, history would not forgive him that. He knew that the support of the USA, the willingness of the Soviets to negotiate, and France's consent to reunification were essentially enough.

In London, the Iron Lady stayed alone on the battlefield and soon took an English leave, so that no one even noticed. In East Berlin, only East German communists and activists from the former East German opposition protested against reunification, but both groups had little say in the matter. The free elections in March 1990 were won by parties that work together with the West German CDU, Helmut Kohl's parent party, and they formed the new East German government.

This was a real masterstroke. In less than four months, the German Chancellor secured the support for reunification not only in the capitals of the principal powers, but also in millions of East German homes. The Germans in the GDR (as well as Poles, Hungarians, Czechs and Slovaks) had been fed up with all kinds of experiments, and their only wish was becoming citizens of the dreamed-up West German welfare state as soon as possible.

Kohl promised them this and did not miss his chance. Already in July 1990, the two German states were tied by a monetary union. The East Germans saw real West German marks in their wallets. No one doubted that Germany would unite before the first anniversary of the fall of the Berlin Wall.

#### There Was Only One More Problem to be Solved

The German-Polish border on the Oder and Nysa rivers had existed *de facto*, but not *de jure*, that is in accordance with international treaties. The peace conference supposed to guarantee the post-war borders in Europe never occurred. It was hindered by the Cold War and the division of Europe into two warring blocks, that lasted for several decades. Stalin put more trust in his armoured divisions over the Spree than in international law.

In light of this, the guarantee of the inviolability of the Polish western border was in practice provided by Soviet tanks and inter-state agreements that the communist regime concluded in 1950 with the GDR and in 1970 with Germany (Czechoslovakia concluded a similar agreement with Western Germany even later, in 1973). The problem was that, as Prime Minister Tadeusz Mazowiecki put it, these arrangements did not have to be binding for the united Germany. And Soviet tanks were to leave the territory of the GDR, Poland and Czechoslovakia within a few years.

No state can afford to be uncertain about its own borders. On 17 July 1990, a chair for the Polish delegation was provided in Paris during the next round of talks on border security. On 3 October 1990, Germany again became one country. On 14 November 1990, the foreign ministers of Poland and Germany signed a border treaty. This was one of the greatest historical achievements of the first non-communist Prime Minister.

It did not help him, however, survive in politics. Less than two weeks later, Tadeusz Mazowiecki lost the fight for the second round of the presidential election to a mysterious visitor from Peru, Stanisław Tymiński.

Perhaps Poles finally felt so secure in their own country that they could even vote for a man from nowhere.

**ALEKSANDER KACZOROWSKI** 

Editor in Chief Aspen Review Central Europe



# The Country Where People Trust Their Government and the Government Trusts its People

ASPEN.REVIEW RADKA DENEMARKOVÁ

COVER STORY
CORONAVIRUS
TAIWAN
DEMOCRACY

In Taiwan I had a chance to see what really matters in a democracy. We need a vigilant society as well as needing to shape our lives from the bottom up. What matters is diversity and not the feeling that we no longer have any influence over anything.

I was in Taiwan in January and February 2020 as the pandemic emerged and swept the world. After many difficult years writing my novel *Hours of Lead* (2018), which I intended as a warning against the brutality of China's police state, it was a life-changing experience to spend time in the fascinating 'sociotope' of Taiwan, the only country in the world that manages to trade with China while sending a clear signal that it won't be cowed by a totalitarian state and will continue to build democracy instead.

Since gaining independence in 1945, Taiwan has built one of the most successful democracies in the world. In 1989, it held a free election. In 1996, Lee Teng-hui was elected President. This was the first time in 5,000 years that people in China were able to elect their ruler.

While Taiwan has followed a democratic path, China—like every total-itarian regime—cannot tolerate any independence in its vicinity and claims the island as its province, a part of mainland China. That is why Taiwan remains isolated and, because of Chinese pressure, has not been admitted to the World Health Organisation (WHO). Yet, despite not receiving information on the coronavirus outbreak either from China or WHO, Taiwan is one of the countries that has coped well with the pandemic.

#### It turned out that the invisible coronavirus is also a social virus, since it has exposed the weaknesses of politicians and the system we live in.

I had hoped naïvely that other countries would learn from Taiwan's valuable experience and know-how, that WHO would adapt it to create a global safety network for preventing and managing the disease. The Taiwanese government acted in a fast, business-like manner, relying on experts and issuing clear guidelines. The epidemiologist heading the crisis team was the key person whose advice the government followed. Matter-of-fact information was also provided by Taiwan's President Tsai Ing-wen, who was re-elected for another four-year term in January, as well as the Prime Minister, Su Tseng-chang.

Public television set aside a regular slot for providing relevant information to Taiwanese citizens, which saved them from wasting time on false, contradictory and misleading information. The country has a vigilant society where the people trust their government and the government trusts the people. A high standard of healthcare is one of the government's priorities. The country has learned from the experience of the SARS epidemic in 2003 and understands that no detail is too small to be underestimated.

#### The Invisible Coronavirus is also a Social Virus

Life went on as usual, albeit with restrictions. Every citizen was issued with at least three face masks and sanitizers. A unified price for face masks was set at NT\$6 (20 cents) throughout the country and the Prime Minister announced that overcharging for face masks would be punished by draconian fines; no profiting from human misfortune.

To prevent the hospitals from being overwhelmed, 24 medical care stations were promptly set up across the country, where a maximum of two people were seen at a time. No transport restrictions whatsoever were imposed.

Underground and railway carriages, buses and airplanes were regularly sanitized. No one left home without a face mask and all seats at public gatherings had to be spaced out at a prescribed distance. Restaurants and theatres were not ordered to close and public events were not cancelled. When my friends phoned me urging me to return to Prague as soon as possible, I said they should come to Taiwan instead.

It turned out that the invisible coronavirus is also a social virus, since it has exposed the weaknesses of politicians and the system we live in. In January no one knew anything about the virus, there was uncertainty, and totalitarian China suppressed information. The world was shocked by the fate of the Chinese doctor Li Weng-liang, who first reported the incidence of a novel virus back in December, only to be silenced and labelled an "enemy of the state for gravely disrupting the social order". He subsequently became infected himself and died from the virus. Any whistleblower who dared to share information on the virus on social media was arrested and disappeared. All video footage from Wuhan that got out into the world at the time disappeared. Not only was a city with a population of eleven million locked down, but so was the entire surrounding region, a total of sixty million people. China immediately got rid of all foreign reporters and foreigners.

Taiwan has traditionally invested heavily in medical research because of the threat of biochemical weapons from China that the country has faced over the past few decades.

#### Thorough Planning and a Timely Response

The Chinese government was terrified, as Chernobyl had shown that it is impossible to predict the effect of an unexpected disaster on the political system. It may disintegrate or consolidate. The Chinese system has consolidated.

The WHO received information of an outbreak of pneumonia of unknown origin in Wuhan on 31 December 2019. On that same day, Taiwan summoned the first health professionals to the capital Taipei. People arriving on direct flights from Wuhan had their temperature taken and were examined for potential symptoms of respiratory disease. As early as 5 January, tracing began of all those who had visited Wuhan in the previous 14 days and showed symptoms of an infection of the upper respiratory tract.

As at that time no test was available for the novel virus, every suspect case was tested for a total of 26 viruses, including SARS and other respiratory illnesses. People with symptoms were quarantined and healthcare workers went to see them at their homes to assess whether hospital treatment was necessary.

The authorities know that citizens cannot be reduced to being labelled 'virus spreaders' and deprived of their human dignity, and that curtailing freedoms and paralyzing institutions would only bring about more uncertainty.

On 27 January, the decision was taken to compare data from the National Health Insurance system with data from immigration authorities, the register of Taiwan's citizens and the register of foreigners. This enabled the authorities to identify practically everyone who had visited the exposed area over the previous 14 days. It took the National Health Command Center (NHCC) just one day to set up this system. Thanks to thorough planning and a timely response, the situation remained under control. On 15 January, two weeks before the WHO declared the outbreak a global emergency, the NHCC suspended the export of face masks and respirators until the country's stockpiles were replenished. The NHCC was turned into a coordination center to which the newly established Central Epidemic Command Center (CEEC) reported.

#### A Professional Level of Communication with the Public

The ministries responsible for running the country's economy immediately released funds to stimulate the more vulnerable industries and minimize economic losses in Taiwan. The self-employed and local small businesses, invaluable in this kind of situation, could claim relief without unnecessary red tape. No one—neither the population at large nor the experts—considered the measures that were adopted alarming or disproportionate, not even in the early days, when face masks were recommended before hardly any cases were reported. The highly professional level of communication was also fascinating to observe. It remained matter of fact and calm at all times. Taiwan's Health Minister Chen Shih-chung openly admitted that despite their successes, it was inevitable in the medium term that the contagion would spread among groups of the population.

In early February, the government ramped up spending on research for a vaccine. Taiwan has traditionally invested heavily in medical research because of the threat of biochemical weapons from China that the country has faced over the past few decades. Teams of researchers immediately started work on developing a test for the disease we now know as COVID-19. They were aiming for a fast test that would deliver results within twenty minutes.

On public transport or in any other crowded places it was rare to see someone without a face mask. In addition, the country has a long-established and highly effective system of public hygiene, including toilets in every metro station, which can be used free of charge and are kept meticulously clean and supplied with sanitizers. Overall, Taiwan is one of the top ten countries with the most effective healthcare system.

The following micro situation sums up Taiwan in a nutshell: as soon as the country had stocked up on face masks, it started sending them as humanitarian aid to China—the very country that denies it the right to existence and whose President threatens to invade them. Sometime earlier, at a time of devastating wildfires, Taiwan donated (!) hundreds of thousands of face masks to Australia and countries affected by volcanic eruptions.

#### A Solidarity Among all Nations is Required

There was no sign of panic, but neither was there excessive optimism—the whole country just became very vigilant. Cases in Europe and nearly everywhere outside of Asia were brought in by people who arrived by air and who could, in theory, have been checked in advance. Closed borders or machine guns will never stop the virus from spreading. It is not a Chinese virus but a human virus and fighting it requires a common approach and solidarity among all nations.

A Taiwanese team of experts ensured that life continued as normal because panic and stress weaken the human organism and its immune system. The public's willingness to observe the speedily introduced government guidelines made the job of the authorities easier. Most Taiwanese have been through the SARS epidemic and many still remember that difficult period. The new epidemic fostered kindness, solidarity and unity among people. There was far more talk of mutual and social assistance than of the economy.

Taiwan has tried to avoid a lockdown. In the past, this country has not been spared abuses of power in the name of 'safety'. The authorities know that citizens cannot be reduced to being labelled 'virus spreaders' and deprived of their human dignity, and that curtailing freedoms and paralyzing institutions would only bring about more uncertainty.

Taiwan has learned to be self-sufficient. The country nurtures small, family-run businesses, local farmers and diversity, rather than monopolies and monocultures. We, on the other hand, have been wondering how to survive. As a developed industrialized nation, we have got used to finding every kind of produce from around the world on our supermarket shelves, no matter the season. Just a few weeks ago the idea that this might come to an end seemed absurd. But the coronavirus has turned many seemingly nonsensical scenarios into reality.

#### Parallels between Taiwan and the Czech Republic

Buddhist temples are one of the reasons why providing help and sharing experience with others is easier in Taiwan. On a day-to-day basis, the temples serve as community centers (unlike China, the country enjoys freedom of expression and religion). At the same time, the Taiwanese are weary of countries that exploit the situation and tie aid to political conditions, expansionism and propaganda. China or Russia never do anything out of the kindness of their hearts and never behave unselfishly—authoritarian states that they are, they fill with their propaganda the void that has, sadly, been left by the EU. They are keen to increase their political influence and exploit the crisis to weaken Europe, and not only Europe.

I will never forget January in Taiwan. It has taught me what really matters in a democracy. We too have to shape our lives from the bottom up. What matters is diversity, not the feeling that we no longer have any influence. The powers-that-be want to control us and spread fear to make us all think the same way, act the same way. They cannot handle otherness and diversity. But in a democracy that is based on shared values, that has a vision and a goal, society stands upright. Those who lie are called liars, those who steal are called thieves: there is no room for discussion.

The new generation of people growing up in Taiwan understands what it means to be democratic. These young people go into politics. We in Eastern Europe feel as if 1989 never happened. And on top of that, we have hy-

per-consumption, an overemphasis on productivity and economic pragmatism that increases the sense of uncertainty among people and exacerbates their frustration. We ought to preserve plurality of grassroots activism as a political tool for protecting life from totalitarian demands. This is vital for our future.

In a democracy that is based on shared values, that has a vision and a goal, society stands upright. Those who lie are called liars, those who steal are called thieves: there is no room for discussion.

I see parallels between Taiwan and the Czech Republic. In 1987, Taiwan lifted martial law and started building a democracy. After 1989, unlike Taiwan, we failed. And I wonder why that is. I spent some time on an island that lives under constant threat of a military invasion from the current Chinese leadership. Only when I was there did I fully appreciate how alone they are. China aspires to be a global power: it is buying up the world, and succeeding in Latin America and Africa. Although they have not been quite as successful in Europe, they have found a country at its very heart, a country called the Czech Republic, with a president and a government that can be bought.

It is not surprising when totalitarian and corrupt regimes do as they are told; China is the one that dictates conditions. But the Czech variety of capitalism has followed the example of China as well, reinstating the law of the jungle: the stronger one controls the one who is weaker. The law of democracy, however, demands that the one who is stronger protect the weakest.

#### RADKA DENEMARKOVÁ

is a Czech novelist, playwright, script writer, essayist, translator of German literature and teacher of creative writing. She is a four-time winner of the Magnesia Litera prize—for prose, non-fiction, translation, and Book of the Year in 2019. | Photo: Milan Malíček



#### ASPEN.REVIEW TOMASZ STAWISZYŃSKI

COVER STORY
CORONAVIRUS
DEMYTHIZATION
HUMANITY





Covid-19 revealed how brutal, unjust and inhumane the attitude to the old and sick is in the modern world. It showed the reality painstakingly concealed earlier behind thick curtains, hidden from the eyes of the majority.

#### 1.

The coronavirus has brought to the surface an entire range of situations and things that are normally invisible, especially for those who have thus far functioned in a relatively efficient manner in the reality of late capitalism. They were young, healthy, or at least capable of gainful work. They were the ones who had to feel at least confused when the epidemic actually began to develop in Europe and when "things hidden since the foundation of the world" started to come out.

Already in the initial lockdown phase, it became clear that the socio-economic system, of which healthcare is part, was designed to function under conditions of relative normality, not in conditions of crisis; even if that crisis had been anticipated for at least a decade by many epidemiologists and risk analysts. One of them was the American economist Nassim Taleb, who, in his celebrated book *Black Swan*, published thirteen years ago, considered the potential factors threatening the free functioning of world markets and used the example of a virulent virus epidemic. In March 2020, inspired by these prophetic insights, Taleb staunchly declared that the coronavirus was by no means a black swan—a process or event that no one expected. On the contrary, it was the classic 'white swan', a phenomenon whose occurrence was obvious to anyone who understood the nature of infectious diseases in the age of globalization.

Who is to be connected to a ventilator and who is to be refused help—such choices, in actual life rather than in thought experiments, had to be made by doctors in Italy, Spain and partly also in France.

This white swan soon made it clear that the moment any major disturbance enters the stage, the system immediately goes into emergency mode. There is a regression to some earlier, pre-modern phase of development, when chaos begins to prevail over order, and moral dilemmas—previously considered during bioethics seminars and cropping up only in history books—suddenly become the everyday reality of doctors and nurses. Who is to be connected to a ventilator and who is to be refused help—such choices, in actual life rather than in thought experiments, had to be made by doctors in Italy, Spain and partly also in France. On top of that there were mass graves, crematoria working twenty four hours a day, with trucks taking bodies out of field hospitals under cover of night.

Such landscapes and such dilemmas have thus far been a total fantasy for us, inhabitants of developed countries. Or rather, let us repeat, they were a fantasy for the healthy, young and employed, as the faces of the system suddenly revealed by the pandemic had long been well known by people thrown out of the mainstream of social life: the poor, the old, the sick, the variously excluded. At some point, however,

their experience—effectively covered up until now by various cultural narratives—became the experience of the majority. They are locked up in their homes, terrified by the prospect of losing their health and life—by themselves and by their loved ones. And they are, above all, confronted by a situation previously unimaginable: the prospect that there may be no ventilators for them either.

#### 2.

In this context, one of the main myths of the late capitalist era suffered serious damage. I mean here the belief that everyone is the master of their own destiny. That our life and our place in the social hierarchy is defined exclusively by our willpower and determination. And if so, then we bear full responsibility not only for our own successes, but also for our failures.

It was, and maybe still is, an extremely powerful myth. Even if we reject it theoretically or intellectually—because we are aware that human fate can be very different, and poverty and wealth in Western societies reproduce with a worrying consistency—it still works very deeply and intensely within us. Whether we like it or not—our whole way of seeing and thinking about ourselves and others is permeated with it. It has many psychological and social roles, but above all it is part of a political project. It is a narrative that aims to naturalize what is not natural at all, because it is the result of a social contract rather than the operation of some objective natural rules.

Whether we like it or not—our whole way of seeing and thinking about ourselves and others is permeated with it. It has many psychological and social roles, but above all it is part of a political project.

Individuals convinced that they bear total responsibility for their lives, seek the source of most of their life's discomforts inside themselves. They look for them in insufficiently strong motivation, in their private family history, or in many other areas of their own mind or personal biography—at least those discomforts that can allegedly be overcome with the help of some therapeutic sessions, workshops, or courses of competence improvement.

Psychologically, it is much easier for us to accept that someone who finds himself in a difficult situation has deserved it and has worked for it himself. This gives us a sense of security in the face of a worrying prospect that also factors, completely independent of our will, may deprive us of everything that is most important. So the conviction that others had it coming gives us the illusion that nothing bad will ever happen to us, because we do everything we need to do, or at least everything that we have always been advised to do. We study, we go to work, we earn money, we build a safe future for ourselves and our loved ones. And although we still hear stories about people who have also done the right things, but have not dodged the crisis, we have developed many methods that allow us to distance ourselves from these images. The master of his own destiny is one of them. Highly effective, let's add.

#### Despite the best willpower and determination of particular individuals, the world was mobilized for several months. All it took was a small disruption, far from having anything to do with positive thinking.

But the coronavirus has completely deactivated this story. Despite the best willpower and determination of particular individuals, the world was mobilized for several months. All it took was a small disruption, far from having anything to do with either positive thinking or personal determination, or the ability to influence events—and other clichés used by life coaching experts. A tiny element, a piece of genetic code invisible to the naked eye, was enough to dismantle not only our illusory sense of causality, but also another myth characteristic of modern times: that we are immortal, and our bodies, if we provide them with an appropriate exercise and dietary regime, will live forever in a state of full fitness.

#### 3.

The coronavirus has also brought the following simple truth to the surface: our bodies are susceptible to microorganisms, our diet and exercise will not protect us from disease and death, our sense of bodily integrity can be at most temporary, because sooner or later we will be immobilized in exactly the same way as the world was immobilized by the pandemic.

The claim that in the twentieth and twenty-first centuries death became what sex was in Victorian culture, namely a great taboo, is obviously not new. It was put forward in the 1950s by the American anthropologist Geoffrey Gorer, and later repeated and illustrated with powerful source material by two prominent French historians, Philippe Aries and Michele Vovelle. Thus, for several decades we have already known that death has been displaced from contemporary life, that it has been increasingly disappearing from our sight. One of the classic forms of this suppression is a narrative, widespread especially among the popular media, in which 'unhealthy lifestyles' become almost what sin was—perhaps mortal—in the Middle Ages. Since we no longer believe in the afterlife at present, the death of the physical body—the only one we have at our disposal—turns out to be something like eternal damnation. Whoever does not apply gymnastic and dietary regimes, brings such a damnation upon himself.

We can all live forever, various trainers, dieticians and healers promise, if we meet the necessary conditions. Today nobody simply dies. There is no such thing as death from old age. Death is always the result of a disease process. Nowadays, even scientists propose changing the paradigm of thinking about death and make it a disease to be treated. For them, death is no longer a fundamental component of the human condition, it becomes just another problem to overcome. They do not think too much about the truth—admittedly it is not their duty—that actually the entire cultural and social structure in which we live is based on the fact of passing away. And if we suddenly stopped dying, this structure would very likely collapse exactly like the hospitals in Bergamo under the pressure of the coronavirus.

Nowadays, even scientists propose changing the paradigm of thinking about death and make it a disease to be treated. For them, death is no longer a fundamental component of the human condition.

In a word, death is simply unwelcome in today's world. It has become an embarrassing affliction, which should not be taken into consideration. Instead, all forces should be invested in avoiding it, getting rid of it, removing it somewhere to infinity, beyond the horizon of what is available here and now.

Meanwhile, the coronavirus has reminded us emphatically that death is omnipresent and that it can also affect those who are young, athletic and follow the healthiest possible diet.

#### 4.

If, however, even the healthy and athletic cannot feel safe, what can old and sick people say? They are those who even before the outbreak of the pandemic were, to put it mildly, not so well off in this world.

The coronavirus has also revealed how brutal, unjust and inhumane the attitude to the old and sick is in the modern world. It showed a reality painstakingly concealed earlier behind thick curtains—in nursing homes, homes for the elderly and seniors, in the undercurrent of social life, invisible, hidden from the sight of the majority.

#### The priority is economics and politics, care for an individual's life is great in theory, while in practice, civilization is only a small area totally surrounded by a jungle.

According to conservative estimates, up to half of those who have died of Covid 19 in Europe so far, almost 80,000 people, may be nursing home residents. These people were left to their own devices. They were not tested, no medicines or protective equipment were provided. In some places their caretakers ran away, leaving them to die. Later, their bodies were packed into bags, taken away in trucks cremated or buried in mass graves. Michel Houellebecq was undoubtedly right when in one of his recent statements he said, with his characteristic gloomy irony, that the coronavirus revealed a simple, brutal truth: when in today's world you exceed a certain age limit, it is as if you are already dead. And in any case, state institutions set up to look after its citizens—and financed from their taxes, their work and effort—are beginning to treat you like this. The priority is economics and politics, care for an individual's life is great in theory, while in practice, civilization is only a small area totally surrounded by a jungle. An area that is shrinking very rapidly in a crisis.

#### 5.

Will the truths revealed by the pandemic—and there are still many of them—force us to reflect? And, most importantly, to change the rules

that have been in force so far? Are we going to realize that we lived in a fictional world, in which soaring and noble rhetoric concealed inertia and the rule of the stronger?

The coronavirus has also revealed how brutal, unjust and inhumane the attitude to the old and sick is in the modern world. It showed a reality painstakingly concealed earlier behind thick curtains.

One of the most interesting contemporary psychological concepts, namely the theory of the reduction of cognitive dissonance formulated in the middle of the twentieth century by the American psychologist Leon Festinger, states that confronted with data that contradict our previous beliefs, not only do we not modify the latter, but we even strengthen them..... Unfortunately, the early removal of restrictions, even though the pandemic has not yet expired, and the accompanying story of the return to the 'world before' seems to indicate that even this time the cognitive dissonance reduction will prove stronger than rational reflection.

#### TOMASZ STAWISZYŃSKI

is a philosopher, columnist, the author of "Skirmishes with Freud. Myths, Temptations and Traps of Psychotherapy" (2013), the author of radio programs devoted to philosophy in Radio TOK FM. He recently launched the website www.stawiszynski.org. | Photo: Michal Dworczyk/Dworczyk Design





## Alexander Kriwoluzky: A Crisis Like No Other Before

European differences are shelved—for now. The question is, will they come again to the forefront, as the crisis comes to an end?—asks Alexander Kriwoluzky, Head of the Department of Macroeconomics at the German Institute for Economic Research in Berlin, in an interview with Jakub Dymek

JAKUB DYMEK: After the novel virus struck the world, when did you find yourself thinking "well, this spells big trouble for the European economy", Professor?

ALEXANDER KRIWOLUZKY: In the beginning there were hopes that this coronavirus would be somehow contained in the region, as was the case with previous SARS, SARS-2 and MERS epidemics, which did not develop into worldwide threats. But as soon as China took all these drastic measures—introducing full lockdown among them—and the virus spread to Europe, dragging the Lombardy economy to a halt, regardless... this is I think when it became obvious that this is an economic threat to the European Union as well. The Italian situation—how deadly, how infectious,

how destabilizing this is—was the first proof that eventually European governments would have to introduce draconian measures of their own. Which, albeit in March, they did.

### How does a macroeconomist look upon a shock like this?

In macroeconomics we like to talk about two different shocks—one striking supply, the other demand. It's important, because depending on what kind of shock we're talking about, there are different policy tools we have to look for. For instance, the 2008 financial crisis was clearly a demand shock—first the implosion of financial institutions, there was less money to be given in the form of credit, increasing unemployment. In such a case it was

very prudent to use financial stimulus to increase demand for goods, services and work. The USA did that relatively quickly, it took us in Europe some time however, to be convinced how an unusual monetary policy can be applied here as well.

It was crucial to give people and companies instant access to credit, relief funds, subsidies which would enable a reduction in work hours during the health crisis.

#### Can both these shocks happen at once?

Exactly, that's the problem! The coronacrisis is two of these at the same time. Supply chains all over the world had been disturbed, companies had to stop producing, football clubs had to stop playing, and restaurants had to stop serving food to guests... It obviously turns into a demand shock quickly, because people who are unable and discouraged from spending, will do just that. Then there's fear that this shock will spread to financial institutions as well—because that's where the crisis struck over ten years ago, and there's a fear they didn't fully recover.

#### So this demands extraordinary remedies?

It does and they indeed are. Let's go back a while first. What we've experienced ten years ago is that financial markets are really fragile and the trust between themleading to an unwillingness to borrow money from one to another—can be gone in a second. Central Banks eventually have to step in and lend money for the markets. And this is—coming back to the present day—what the ECB essentially did, providing liquidity and promising to purchase assets. Which in turn also increases demand for these assets and then prices. Interest rates are lowered with the aim of boosting investment and in the end reaching an equilibrium of supply and demand. In the process, consumption resumes as well.

#### This is what happened?

This is what was done and done quickly. Much more so than in the financial crisis of 2008-the American Federal Reserve acted very rapidly then, but the European Central Bank was decisively more cautious. The idea was that perhaps the crisis will hit American, and not European, banks and there was, as well, the legacy of the Deutsche Bundesbank-which had been dutifully advised to almost always remain very prudent when using a monetary policy. This had then prevented the ECB from acting faster. The head of the ECB at the time, Mario Draghi, finally introduced some of the policies—like Quantitative Easing and the asset-purchase program-in 2014 and this, counted by some measures, 6-year delay was largely caused by German reluctance and pressure. The Germans—to put it in the simplest terms possible—were telling everybody else

"don't do this, as this will lead to hyperinflation". Now, fortunately, the process leading to the swift introduction of unorthodox anti-crisis measures was faster.

#### And do these instruments exhaust what can be done?

No. We have to remember that first and foremost it is the national governments, who have the tools to introduce monetary situation is different. stimulus to economies. As well as, for example, reduce taxes on consumption to boost spending. Germany, again, acted very quickly on that front. It was crucial to give people and companies instant access to credit, relief funds, subsidies which would enable a reduction in work hours during the health crisis. It is important, because we want people to return to full-time employment as soon as it's possible, not to have them fired.

Germany, of course, had the tools and possibility of doing all that, because there was fiscal space-savings. Relief during the times of the coronacrisis was permitted by, for example, years of savings on climate change related technologies—which is one of the downsides of Germany keeping a low debt to national product ratio. The upside, of course, is that you can spend that much more money in the times of crisis.

#### So this is where the question of European solidarity comes in?

Yes, that's why a common European plan, the so-called Merkel-Macron plan, had to be introduced. National governments do not always have the fiscal space to stimulate their economies.

You cannot say that certain **European countries are** making mistakes and are being punished for them—like the Germans used to like to say. Here, the

#### Not everybody was as prudent as Germany, yet in a situation like this, everybody still needs to have some leverage and freedom while trying to revive the economy?

Yes. The Merkel-Macron plan was a very important first step in introducing some universal measures, at least in the eurozone. The plan lays the foundations for ideas like eurobonds, raising taxes from new spheres and services (take digital tax as an example) and this capacity will be there to help Europe in a future crisis. This is also necessary because we all agree that every country struck by the coronavirus has been put in this situation not by their own fault. Simply said, you cannot say that certain European countries are making mistakes and are being punished for them—like the Germans used to like to say. Here, the situation is different. It's not Italy's, Spain's, France's fault, it's a shared European interest to have a fund that would enable the revival of all the economies that have been hurt—as all of them

are interconnected parts of the common market-not only those who somehow 'deserved' it.

There are already some politicians here in Germany response of governments, international for example, saving exactly that: we have to intervene during the crisis and all that, but after the crisis ends we have to go back to where things were.

#### Is the coronacrisis going to—or has it already-revised some ideological convictions previously held?

I think it's too early to say it has changed the views in general. It changed the views during the times of crisis, though. Here, remarkably, everybody even in Germany agrees it is necessary to have a huge stimulus package. Also, everybody agrees it's good we have a common European solution. But will attitudes like these remain after the crisis—that is yet to be seen. There are already some politicians here in Germany for example, saying exactly that: we have to intervene during the crisis and all that, but after the crisis ends we have to go back to where things were, to save money in order to repay the debts. I can imagine the same will apply to Europe as a whole—some will say that during the crisis we had to integrate more, and introduce a more multilateral and open approach, but as soon as this ends, we also have to reverse these changes.

#### Not to "carry each other's burden" any longer?

Yes. I'm afraid it could happen. On the other hand, I can see already how the agencies, politicians and researchers was different than usual.

#### What will the relief packages achieve-revive the economy, ease the stress on markets, hasten green transformation or just shelter citizens and companies from some of the worst consequences of the crisis?

The foremost goal, in my opinion, is to stimulate the economy. To respond to the crisis—provide liquidity to financial markets and decrease interest rates even further. These are strictly economic goals as I see them. Sounds very boring, but it is what it is... [LAUGHS]

#### Right, got it [LAUGHS]. Another thing: Will the stimulus package from the ECB help some economies more than others?

This is indeed a very good question, but I'm afraid we have to wait for research to answer it. We know that stimulus packages affect different types of households differently, but to measure it country-by-country as well we—and this is a type of research we at the German Institute for Economic Research (DIW) are doing-will have to wait for comprehensive data. So as interesting as this is—we cannot speculate on this yet.

The foremost goal, in my opinion, is to stimulate the economy. To respond to the crisis—provide liquidity positive, quick and goal-oriented manner. to financial markets and decrease interest rates even further.

Do you think conventional political and ideological differences between countries in the EU-north-south, east-west divisions for example played any role when discussing the coronacrisis measures?

I think there was some reluctance from the 'frugal four'—Austria, Denmark, Sweden and the Netherlands-initially. There were some objections from the northern sphere of the Eurozone. This is where the old

north-south divide actually played some role, but when Germany abandoned its previous orthodoxy, things moved forward in a

What signs of recovery and economic trends should we—as journalists and members of civil society—look for and observe most closely?

Not to disappoint you, but this all depends on whether there will be a second wave of the pandemic later in the year. Will it hit the economy as hard? If so, when? How will this all play out during the regular flu season in November? This is-let us not forget—a crisis of a twofold nature, where risks to public health and the economy are interlocked and reinforce one another.

#### ALEXANDER KRIWOLUZKY

is Professor of Macroeconomics at the Free University of Berlin and Head of the Macroeconomics Department at DIW Berlin. Before that, he was a Max Weber Fellow at the European University Institute, Junior Professor at the Rheinische Friedrich-Wilhelms-Universität in Bonn and Professor of Monetary Macroeconomics at the Martin Luther University Halle-Wittenberg. In his research, he empirically analyzes the effects of monetary and fiscal policy on the economy, for example on private and public interest rates, gross domestic product and inflation. An important aspect of his research, that mainly determines the impact of policies, is household expectations. His research is published in leading journals, including the Economic Journal, the European Economic Review and the Journal of Applied Econometrics. He has been a member of the editorial board of the journal European Economic Review since 2017. | Photo: DIW Berlin



#### ASPEN.REVIEW PAWEŁ ZERKA

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## Do Not Take Today's Pro-Europeanism for Granted

In Central Europe, Covid-19 does not seem to have left a major imprint on people's attitudes towards Europe; at least not yet. This could, however, easily change if, in the EU's post-Covid-19 dynamic, the region drifts further away from the European center.

#### Nothing New in the East

For the moment, Poles, Hungarians, and Slovaks remain staunchly pro-European; less so the Czechs but this had already been the case before. Like most of their fellow Europeans, citizens of the Visegrad Four were disappointed by the weak levels of European cooperation in the early stages of Covid-19. They never stopped looking towards Europe, however, for solutions to the recovery from this crisis—and in preparations for future ones.

In late April, 68% of Poles believed that the coronavirus crisis had shown a need for more cooperation at the EU level, according to a public opinion poll carried out in nine EU countries by the European Council on Foreign Relations (ECFR). At the same time, strong majorities in Poland (70%), Hungary (61%) and Slovakia (61%) believed that the EU should have more competences to deal with crises such as the coronavirus pandemic, according to a Eurobarometer survey carried out in roughly the same period. Only 43% of Czechs shared the latter opinion. It was the lowest result across all EU27, but hardly any surprise (after all, in late 2019, just 39% of Czechs said they trusted the EU, which was below the EU's average and less than in any of the three other Visegrad countries). Eurobarometer repeated its survey in June but the numbers for the V4 did not change much.

#### **But Look South**

This does not mean that the pandemic has not affected people's minds. Just look to Spain. Its citizens used to repeat like a mantra Ortega y Gasset's now almost hundred-year-old dictum ("Spain is the problem, and Europe is the solution") until, during this pandemic, they began to show signs of disillusionment with Europe. 50% of the country's respondents state that their perception of EU institutions deteriorated during the crisis, according to ECFR's study mentioned earlier. Only in Italy (58%) did the EU disappoint more-however (just as in the Czech case) it can hardly be considered a novelty. In Eurobarometer's April study, Spaniards and Italians were the least satisfied in the EU27 with the solidarity between EU member states in fighting the coronavirus pandemic. By June, their satisfaction has only slightly increased-but this still put Spain and Italy among the most disillusioned societies in the EU.

True, Spanish numbers might be slightly inflated, as the surveys were carried out while Covid-19 was at its peak on the Iberian Peninsula. It does not mean, however, that they should not be treated as a warning signal. Here is another pro-European society which has benefited a great deal from European integration but-until European capitals struck a budgetary deal in July 2020-risked following in the footsteps of its more Eurosceptic neighbors (i.e. Italy and France). The deal was anything but certain, and without it many people in Spain might have concluded that they could not rely on others in difficult times.

While effects of the pandemic among Central Europeans on their attitudes to the EU have been less dramatic, this may largely be because the crisis was also much less severe: in both health and economic terms. The examples of Spain and Italy could still serve, however, as useful cautionary tales demonstrating that—also in our corner of the Old Continent—today's pro-Europeanism should not be taken for granted. After this crisis, new ones will surely follow, and at some stage Central Europeans may face a situation in which they could find solidarity, attention or understanding from other member states lacking; a feeling experienced by many Spaniards earlier this year.

The EU's new budgetary deal does not, however, only promote new priorities, or could involve strengthened conditionality of access to EU funds; it may also generate a new dynamic of Eurozone integration.

#### **Defining Moment**

This is hardly an abstract perspective. The most immediate impact of the Covid-19 might concern not so much people's perceptions but rather a reconfiguration of priorities within the EU. Attitudes to Europe may remain stable in the first act (the pandemic), or even in the second one (the recovery), but they could still shift later: if systemic changes in the bloc push some Central European countries away from the center of things-and let people feel the consequences.

The main channel for this to happen is via the EU's new budgetary deal. At the time of writing, EU institutions are still negotiating the details of the four main elements of the bloc's financial package, which includes a €1.07tn financial framework for the next seven years, a temporary recovery instrument (Next Generation EU) worth €750bn, a decision on the EU's new own resources and the rule of law regulation.

With the new funding, the re-prioritization of the EU's goals will likely accelerate. There will be more focus on green transition and digitalization. National spending plans will need to be aligned with the European Green Agenda. The European Commission-and other member states-are expected to play a bigger role in deciding whether this condition is met. Would that make Poland (the third greatest net beneficiary of the EU's

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Next Generation grants, after Spain and Italy) more inclined to subscribe to the EU's climate policy? Or would Warsaw prefer to lose some of the money and keep its position on energy and climate?

Access to EU funds may also become more conditional on the respect of rule of law. And even if, in the end, the most notorious rule-of-law offenders (Hungary and Poland) preserve most of their EU funds, they should be prepared for the rising questioning of such an arrangement among other member states, especially in the North. There might be less financial solidarity seven years from now-or whenever the next calamity hits Europe. Whatever the reason for the country to lose some of its funding, some of its citizens could feel unjustly punished and disappointed. And one can be sure that Orbán or Kaczyński will be able to frame the issue adequately for their electorates.

The EU's new budgetary deal does not, however, only promote new priorities, or could involve strengthened conditionality of access to EU funds; it may also generate a new dynamic of Eurozone integration. After all, the Next Generation EU will be funded via a joint issuance of debt. While this involves all the EU members, the consequences will be particularly relevant for the Eurozone. As Fitch, a rating agency, rightly observed in reaction to the July deal, it "introduces some fiscal risk-sharing and central debt issuance, (...) and opens the door to some central tax collection". It also provides a long-awaited political underpinning to the actions of the European Central Bank.

If the Eurozone increasingly becomes the EU's center of things, it will mean non-Eurozone members receiving progressively less attention and having less power in the EU overall. This also shows why Slovakia is such an exception: as the only Eurozone member among the V4, it already enjoys closer links to western governments than other Central European capitals, as ECFR's 2020 edition of the EU Coalition Explorer demonstrates.

#### **Transatlantic Shadow**

And then, to be fair, EU budget is only part of the story. As proof of European solidarity, it can also be seen as having been enabled by a wider global context-whereby Europeans no longer feel they can rely on the US, are increasingly wary of the Chinese threat, and are beginning to understand that the EU needs to become more sovereign.

As ECFR public opinion surveys show, perceptions of the US and China have deteriorated across the EU, also in Germany, which in turn may to some extent explain Berlin's determination to provide a strong European response to the pandemic. Angela Merkel clearly wanted to prove that the EU was able to demonstrate solidarity and the capacity to react swiftly to the Covid-19 emergency-and thus to respond to the hopes of its citizens. But in this sense, the EU's new financial arrangement seems to be closely aligned with another major effort-led by Berlin, Paris, and the European Commission-to strengthen the EU's strategic sovereignty.

What one currently hears in Paris, Berlin or Brussels, however, is that European sovereignty is needed regardless of the result of this year's presidential election in the US: because China and Russia are also a challenge.

Efforts are already underway to make the EU's various policies-from trade to competition to digital policy-adjust to the EU's foreign policy toolkit. Discussions about the introduction of qualified majority voting in at least some areas of the EU's foreign policy also continue, as do efforts to strengthen defense cooperation in the EU. Donald Trump's presidency provided a strong rationale for all these initiatives. What one currently hears in Paris, Berlin or Brussels, however, is that European sovereignty is needed regardless of the result of this year's presidential election in the US: because China and Russia are also a challenge, and because America can no longer be expected to serve as a reliable global leader and a partner committed to European security.

This is another reason why the pro-European attitude of Central Europeans may, sooner rather than later, be put to new tests. Due to historical and geographical reasons, attachment to the transatlantic alliance is much stronger in Warsaw or Prague than it is in Western Europe. One question is what Central European governments would do if their consent were needed for the EU to react assertively to the US's economic coercion (e.g. secondary sanctions, punitive tariffs); or if Washington were to consider the EU's further steps in defense integration as rivaling NATO commitments. But then, a separate question is what that all would mean for European sentiments among the general public.

For many people in Central Europe, the past three decades have been the time of their countries' reintegration with both Europe and the wider West-which has been one and the same direction. But in the case of further obstacles to the transatlantic partnership, the region may find it hard to avoid uncomfortable questions. Isn't the EU putting our strong links to the US in danger? Whom should we trust more-Europe or America-to provide for our security? Ideally, such a binary, zero-sum perspective should be avoided. It may be increasingly hard, however, to hamper the geopolitical element from impacting how people evaluate the costs and benefits of their EU membership; especially if, at the same time, they find themselves more and more at the outer circle of the EU anyway.

For many people in Central Europe, the past three decades have been the time of their countries' reintegration with both Europe and the wider West. But in the case of further obstacles to the transatlantic partnership, the region may find it hard to avoid uncomfortable questions.

Is this the legacy of Covid-19? Not so much if one only looks for direct impacts of the pandemic on how people think about their perceptions of Europe. But if there is one thing we can agree on, it is that 2020 is the time when many Europeans lost their confidence in the US; and if we consider the EU's budgetary agreement in reaction to Covid-19 as an event that provided credibility to the bloc's ambition of strengthening European sovereignty.

At the end of the day, this does not mean that Central Europeans are bound to become less pro-European. Hopefully, they can simply become pro-European in a more sober, conscious, and consequential way.

#### **PAWEŁ ZERKA**

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# A Global Pandemic —How to Maintain the Momentum of Innovation and Change While Not Going Crazy?

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I was innocently travelling to see my grandparents, hearing about some obscure flu-esque wave sweeping into Europe, thinking "oh wow, the media are at it again". Within 4 days, there was a national emergency, WHO declared pandemic status, and I was isolated in the Czech mountains with two grandparents, a dog and utter bewilderment.

To make things more 'fun', my entire family was ill (we don't really know to this day whether it was COVID or not as tests were not available at the time). Moreover, about a week prior to the commencement of the pandemic I left my old AI job and was pivoting into a new career where I wanted to plunge into creating an innovative AI superhub out of the Czech Republic.

However, even given the undeniably tough times many people were going through, I saw a lot of optimism, especially on social media. And it certainly wasn't due to the algorithm-curated content of my social bubble, as I made sure to really search through social media platforms to find out how people were reacting and feeling. Not in a stalkery-way, mind you; as an anthropologist by trade, think of it more as academic deformation to see how "society reacts during a stressful time". Not only was I pleasantly surprised that, rather than widespread panic, I saw an unbelievable level of grassroots organizing and, dare I say it, enthusiastic optimism even at a local level.

Moreover, my group of friends and contemporaries really showed leadership at unprecedented and mature levels, giving me further hope in the future of this nation, and I'm really excited that Aspen Institute Central Europe was, in many ways, the core of this wave of leadership and brought

<u>AYLP</u> CORONAVIRUS together fantastic people who significantly contributed to the Czech Republic being able to weather the COVID storm. Without being prompted, people began launching ambitious initiatives, from the digitization of the health sector, organizing the sewing of face masks, and kicking off hackathons to come up with solutions to a national emergency quickly and in an agile way.

# As we have seen from several projects, the hunger for total digitalization has grown enormously during this crisis.

#### A Bit of a 'Punk' Nation

All you needed was an Internet connection, something to say, an idea, and a lot of sleepless nights. I've always seen the Czechs as being a bit of a 'punk' nation in the best sense of the word; throw a problem at us, and we'll come up with (sometimes crazy) but 'hacky' solutions, and we'll make it work. Almost oddly enough, we're a nation that seems to function extremely well in chaos.

And the phenomenal initiatives I saw launched around me only proved the point. From the Anti-Panic conference, CoroVent lung ventilators, Czech. digital, the global #Masks4All movement, 3D printed face shields and respirators, 'Energy to the Doctors' (sending doctors across the Czech Republic nutritional packages to help keep them on their feet), to hackathons such as UniHack (the first ever Czech online student hackathon aimed at using the latest technology to 'hack our way' out of the crisis). Everyone, everywhere, was doing something to help. Whether it was a local scouting organization buying and delivering shopping to local retirees, or a nation-wide 'Hack the Crisis' hackathon, the sudden momentum and hunger to help was unprecedented.

#### Make the Country more Resistant towards Future Stress

So what next? How did technology come into all this? What lessons did we learn? And what's next? Yep, all pretty heavy questions, which I'll try my hardest to answer in the about 700 words I have left of the word limit.

Naturally, being a part of prg.ai and Startup Disrupt as well as spending the last 7 years trying to bridge the gap between humans and technology, my core interest during and after the pandemic (and also where I thought I could help most) was the arena of education around using 'AI' (I'm using the term loosely here, as a lot of the time, excellent work was achieved merely through the collection and processing of data without ap-

plication of any specific algorithms, and this societal digitization in itself is worth its weight in gold) to make the country more decentralized and resistant towards future stresses, whether they be pandemics, economic crises or natural disasters. We have amazing technology at our fingertips and need to roll it out not only amongst the 'startup elite' but across all demographics and all geographic regions.

As we have seen from several projects, the hunger for total digitalization has grown enormously during this crisis. Interestingly, this is a well-known historical pattern, of the rate of innovation rising and new technologies being rapidly adopted during times of crises, whether they be military, ecological, pandemic or social. During these epochs, humanity tends to innovate sharply and move forward, and it will be no different with AI, which is in many ways the "technology of the day". In healthcare and the education sector alone for example, we noticed the jump in digitization and the increased pace and variety in the processing and collection of data, such as online teaching or 'smart quarantine'. To what extent this is actual 'AI' is a different matter, but we are definitely starting to work with data in a more agile and complex way, and using the available technical tools more holistically.

For a long time the Czechs have been the masters of underselling themselves and not speaking about their obvious achievements. COVID has brought this talent to the surface once more.

#### We Need to Implement Certain Boundaries

However, this goes hand in hand with regulations that are now being addressed more than ever, especially at the European level. So far, nothing has been carved in marble, but with the rise of technology, we have a big ethical legal debate about the application of AI in society. Corners had to be cut in order to roll out technologies during COVID, there was no time for extensive bureaucracy. Personally, I thought this was fantastic, but I also realize that in order to be scalable, we need to implement certain boundaries. However, we need to do so in a way that we don't stamp out the pace of innovation, so that Europe is able to compete with US and China and breed technological unicorns of its own and digitize its society and bureaucratic structures. I am honoured to be a part of a panel addressing this concept and am looking forward to future developments in this arena.

#### AYLP CORONAVIRUS

Hand in hand in unlocking the technological potential we have comes the, what I consider to be, crucial question, which is giving the Czech Republic its self-confidence back. For a long time (perhaps since the First Defenestration and the Thirty Years' War), the Czechs have been the masters of underselling themselves and not speaking about their obvious achievements. COVID has brought this talent to the surface once more, and made us realize that we have some superb innovators, researchers and inventors in our midst. The field of AI and technology in general is one where I am most hopeful we can build our global national brand, because the talent we harbor in this arena is truly remarkable. With several organizations, like prg.ai and Startup Disrupt, we are trying to build this face of the Czech Republic as a global innovation and AI superhub, not only to cement the ecosystem here, but also to attract people from abroad into our country who will further help us get into world awareness and create a melting pot of talent.

The way in which to do this is the fluid connection between the state, education sector (both university but also secondary and elementary school levels), and the commercial world. Most importantly, popularizing science and technology amongst people of all backgrounds and stepping out of research ivory towers will be key to truly democratizing our society through technology, and making sure that everyone has the necessary technological literacy to face off any crisis, present or future, personal or national.

COVID has been catastrophic in many ways, but I have seen a truly remarkable, common-sense, decentralized social approach in the country which I love, and this blend of grassroots organic organizing and cutting edge technology will be what makes our country stand proud and tall on the world stage once more.



#### **SARA BOUTALL**

is an Oxford-educated archaeologist and evolutionary anthropologist, who has spent the last 7 years working in technology startups in London, USA, and New Zealand. After almost a decade in the UK, she returned back to her home country to work in the local startup, innovation, and artificial intelligence scene and strives to make Czech Republic into a global AI and innovation superhub. She is an Aspen Young Leader as well as a Bakala Scholar, and works on several projects. I Photo: Tomáš Hejzlar

# A Round-table on Upskilling Employees and Entrepreneurs in the Czechia Digital Sustainability Forum

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ASPEN REPORT

ECONOMY SUSTAINABILITY TRANSFORMATION UPSKILLING



Lifelong learning is key to upskilling employees and entrepreneurs in order to maintain employment and create new jobs in a dynamically evolving global environment. It is important to enable people to adapt to a fast-changing jobs market to ensure they remain employable even in the face of advancing robotization and automation. Competitiveness on the job market is based not only on technical and digital knowledge, but also on soft skills. Upskilling thus also comprises the ability to find one's way around, establish one's own potential and talents and seek out one's place in the future jobs market.

On 22 September 2020, Aspen Institute Central Europe in cooperation with Microsoft Czech Republic organized an expert round-table on upskilling Czech employees and entrepreneurs as part of the Digital Sustainability Forum. Experts from public administration, academia, business and trade unions met online to discuss the current challenges to jobs and economic competitiveness posed by the advancement of modern technology. The ability to keep up with competitors depends on the economy's ability to maximize the development of human resources, thus improving its innovation potential.

ECONOMY SUSTAINABILITY Although digitalization is disrupting the jobs market and will lead to the disappearance of a number of jobs vulnerable to automation, a number of new jobs will also emerge. The ability to use artificial intelligence in practice will be the key to securing economic growth. It is thus essential to improve the quality of human resources in order for employees to be able to work with artificial intelligence and understand the fundamentals of its operations. The general public does not understand artificial intelligence, however, and is concerned about its use. It is therefore important to promote a public awareness of what these technologies are capable of and what they can do for us.

Three levels of the necessary prerequisites for further education of employees have been defined:

#### **Systemic Level**

Improving qualifications must become a societal priority; there is no platform facilitating communication between employers, the government and the trade unions.

To make the public aware of this issue, the debate needs to move into the public sphere and gain exposure in the media. The need for lifelong learning is often downplayed, despite it being a necessary prerequisite for the future competitiveness of the Czech economy. To increase awareness of the importance of digital education, public servants have to personally have such digital competences.

Trade unions, which have represented employees chiefly in negotiating for higher salaries in recent years, are one of the protagonists which could play an important role in this area. Trade unions have to adopt a new role, however, in mediating lifelong learning and formulating the needs of the employees. They can also facilitate a dialogue between companies and their employees about increasing the availability of relevant education for everyone and motivating employees to seek further education. A pilot program prepared by the Ministry of Labor and Social Affairs for the next year, which will introduce "individual education accounts", could be very beneficial.

#### Company level

There is insufficient dialogue between employers, employees and the public and private sectors. Companies often neglect their responsibility to further educate and train their employees. This situation could be helped by sharing best practices in educating employees and company tools to improve digital skills among the general public.

The current situation in Czechia is not particularly bad. There are a number of initiatives in this area. The problem is that these initiatives are often unconnected and unable to reach the broader public. It is therefore important to create a single platform connecting the supply and demand for courses and provide a space for cooperation and dialogue among the private and public sectors, the government, academia and other institutions. To reach the broader public, there will be a need to ensure the availability of learning materials in the Czech language and increase the capacity of courses following the latest trends. The platform's objective should also be to aid companies, employees, as well as the public administration in identifying the types of skills (and hence the courses) that will be most relevant in the future.

#### **Individual Level**

People often lack the motivation, time and money to pursue further education.

In the Czech Republic, increasing one's qualifications is not at the focus of attention and the participation of employees in long-term education and training is low. Both employees and the unemployed are often not aware of the importance of improving their digital skills. People with low qualifications, who are at the highest risk of job loss due to automation, also need digital competences. They do not have to become IT professionals, but they should improve their current digital competences.

# Improving qualifications must become a societal priority; there is no platform facilitating communication between employers, the government and the trade unions.

A possible solution to the problem lies in supporting and providing incentive to people and improving the offer of opportunities for further personal development. One of the main factors motivating employees to pursue further education is the prospect of obtaining a more meaningful job and securing a better position on the job market. It is also important to give room to individuals whose employers are not actively providing opportunities for further education. Some employers only enable their senior staff to improve their qualifications. It is therefore essential to pursue the democratization of further education, which must be available to all employees. Another issue is an inability on the part of some employees to admit that they are not sufficiently skilled in some areas. It is very important that the employees themselves understand that the need to

ECONOMY SUSTAINABILITY improve their skills stems from rapid technological growth and is not caused by their incompetence or inability to perform their current jobs properly.

Preparing students for their future employment was another topic discussed at the round-table. This can be facilitated by adapting traditional study fields such as mechanical engineering through introducing elements of digitalization. Generally speaking, schools are not sufficiently preparing their students to flexibly face the future challenges posed by digitalization and the use of artificial intelligence. Teachers themselves often face barriers in using technology and are thus unable to meaningfully convey important experience to their students to prepare them for the future. The participation of companies and other institutions in the education of the future workforce is also insufficient. The government's "Strategy 2030", which is currently being drawn up, will play a key role in this area.

#### **Conclusions and Recommendations**

As various studies and practical experience show, the demand for employees with specific technical knowledge will continue to grow. Supporting education and improving/acquiring new digital competences should therefore be among our society's key priorities—not just within companies, but also on the level of the entire market, including the broader public.

The round-table participants agreed that it is desirable to create a platform enabling representatives of the government, business, educational institutions and academia to work together to identify relevant kinds of educational content and professional skills and determine the jobs prospects of the individual professions.



On 22 September 2020, Aspen Institute Central Europe, in cooperation with Microsoft Czech Republic, organized an expert round-table on upskilling of Czech employees and entrepreneurs as part of the Digital Sustainability Forum. Due to the Covid-19 restrictions, the event was held online. The aim was to connect people across disciplines and oreate a unique space for discussion. Representatives from the public administration, academia, business and trade unions met to analyze the current situation, identify future workforce challenges and discuss specific recommendations and suggestions. The debaters agreed upon the need to facilitate communication between employers, the government and the trade unions. It is therefore desirable to create a shared platform to unite the institutions and enhance their cooperation and impact on the labor market.

# Dmitri Trenin: The World is not Getting Better for Russia

ASPEN.REVIEW ZBIGNIEW ROKITA

INTERVIEW
RUSSIA
EQUILIBRIUM
PUTIN

There is no global equilibrium, and cannot be at this stage: The process of changing the global order that we are dealing with is a dynamic and conflict-generating period, says Dmitri Trenin in an interview with Zbigniew Rokita.

ZBIGNIEW ROKITA: A new world order often emerges from great crises. This was the case after WWI, WWII and the Cold War. And every crisis has its winners and losers. Vladimir Putin has long demanded a new global equilibrium in which Moscow's interests would be more pronounced. Will the world that emerges after the pandemic be more favorable for the Kremlin?

**DMITRI TRENIN:** The world is developing in a way that the Russian authorities have long considered inevitable, and the direction of change is the transition from a unipolar Pax Americana to a multi-vector world. In the latter, there are several major players, differing between particular areas.

## Which countries will count in these areas?

For the world economy, the main players will be America, the European Union and China, as well as Japan. India is also growing rapidly. In the financial sphere, the dollar and the euro will prevail, followed by the British pound, the Japanese yen and the Swiss franc. In technology, the USA, China and the European Union will take the lead; in the military, it will be the US, China and Russia; and in the energy sector, it will be Saudi Arabia and Russia. Westernization has reached its peak and is giving way to other cultural traditions. Globalization has led to the emergence of a global world, but today, nation states

Russia is considered to be a great state, but today this title does not mean control over smaller countries, but the ability to conduct an independent policy and resistance to external pressures.

come first in this world, states are reborn as sovereign, national interests are becoming a priority. There is no global equilibrium, and can't be at this stage. The process of changing the global order, which we are dealing with, is a dynamic and conflict-generating period. The Russian authorities can congratulate themselves on having correctly anticipated the direction of evolution in the world system. But Russia itself is not the beneficiary of these changes. The world is not becoming 'better' for Russia.

#### So what is it becoming like for Russia?

More difficult. The only consolation—largely emotional—is the decreasing influence of the hegemon state. It is always very difficult for Russians to function in a situation of someone else's hegemony, they have a genetic problem with its recognition.

Russia is considered to be a great state, but today this title does not mean control over smaller countries, but the ability to conduct an independent policy and resistance to external pressures. All the indications are that Russia, despite the small size of

its economy, will maintain this position. Of course, it would need to once again become a technological superpower for this purpose.

#### Is it likely to turn into one?

In the twentieth century, Russia managed for the first time to become one of the few world leaders in science and technology. This status was lost after the collapse of the USSR, but the base has been preserved to some extent. Russia still possesses leading military and to a smaller extent cosmic technologies, there is nuclear power, there is the Russian school of physics and mathematics. Russia is a country owning counterparts of Western brands-Vkontakte instead of Facebook, Yandex and Mail.ru instead of Google. Today a kind of worship of fast and easy money prevails in our country, but I think that this will not last forever. External challenges will force Russia to become stronger—otherwise it will have to come to terms with collapse and disintegration.

China first triggered the pandemic and then handled it well in its own backyard. There were many voices saying that in an era of pandemics, the climate crisis, etc., authoritarianism, in which the decision-making process can be streamlined and in moments of crisis the government can act more effectively than in a democracy, will become an attractive political model.

## Maybe liberal democracy is a model for quieter times?

The conflict between democracy and authoritarianism you are talking about is a twentieth century dispute. In this century, the essence of the dispute lies elsewhere: the quality of governance, the level of social inequality, finding a unifying idea for society is more important. Look at the United States and Europe. The main problems that people face there remain within the framework of democracy, authoritarianism is not attractive to them.

The pandemic has shown that the way the state responds to these kinds of challenges does not depend on the form of the political system. Some authoritarianisms have coped well with the virus, but others have done very poorly. The situation was similar with democracies, some of them having achieved a spectacular victory, while others failed miserably. The most important thing is not the system, but other factors.

#### What factors?

First, the skills and resources of the authorities. Secondly, the culture of a given society, its ability to show solidarity and maintain self-discipline. The third factor is the relationship between the former and the latter, i.e. society's trust in the authorities.

And has Russia successfully coped with the epidemic? In mid-June, the

number of infected people came close to half a million, globally coming after only the much more populous Brazil and USA.

Let me put it this way: the system withstood the coronavirus challenge, but
failed to pass the exam with distinction.
The regime's actions were not impeccable. Moscow's reaction to the pandemic,
especially in the European part of the
country, was clearly delayed, the strategy
was belatedly developed, and the borders
were closed too late (although the Chinese
border was closed quickly and effectively).
In addition, the assistance that small and
medium-sized businesses received from
the state was insufficient.

On the other hand, Russian society has not shown enough solidarity and discipline, or even elementary resourcefulness. The regulations imposed by the central government and local authorities were not always wise, and they were often also ignored. In any case, the authoritarianism of the Russian regime and the anarchy of the Russian people are two sides of the same coin.

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# Is the coronavirus epidemic the most serious crisis Vladimir Putin's Russia has faced?

No, on the list of the biggest Russian crises of the early twenty-first century the pandemic stands alongside Chechnya, Ukraine, terrorism, the Yukos case or the Balotnaya Square protests.

The popularity of the authoritarian model aside, China is getting stronger (in the economic and technological sense for starters) and the USA is growing weaker. Can this lead to an inverted Kissinger maneuver? In the early 1970s, Kissinger engineered a change of alliances, warming up the American-Chinese relations at the expense of Sino-Soviet ones. Maybe today Washington, with Beijing getting stronger, will try to get closer to Moscow?

That's impossible.

First of all, China is not a threat to Russia today—this was different in the 1970s, when the USSR saw Communist China as a potential rival. Secondly, the normalization of relations with China is one of the most important achievements of Russian foreign policy in the last 30 years. Good neighbourly relations between the two countries are of strategic importance to Moscow. Thirdly, the Americans have nothing to offer the Russians as a trade-off for a change in their approach to China. In Russia, the Americans do not inspire confi-

dence today—this is, of course, mutual. Given the American-Chinese confrontation, Russia will try to avoid involvement on either side, although objectively Moscow will be closer to Beijing than to Washington.

Where will Central Europe be placed on the list of Kremlin's priorities in the face of Russia's global ambitions? Will Moscow continue its efforts aimed at drawing the region into its sphere of influence?

For Russia today it is primarily a problematic territory. Relations with the countries here have been deteriorating since they joined NATO in the 1990s. Today, these countries have found themselves in a condition reminiscent of the 1920s, when they saw their opponent in Russia, while Russia saw its main Western rivals in them.

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tools or the determination to become a hegemon again in this region. But there is a fear that the USA will establish a military infrastructure in Central Europe that will be a threat to Russia's security.

But you understand that this is a diverse region. Relations with some countries,

Poland among them, are traditionally difficult, and the rapprochement that Warsaw and Moscow sought in 2009-2010 has failed. This is not the case with Hungary, despite the fact that in the past Russian relations with this country were not in the to Russia today and least blissful: with Hungary we have man- the normalization of the tensions are close to hostility, but we have normal relations with Slovakia. Another thing is that Russia seems to underestimate small countries and their impact on international politics.

Let's look at the changing world a little more locally. What does the pandemic mean for the part of Donbass that is out of Kiev's control for the sixth year running? There are voices in Russia that Western leaders, with many concerns on their minds, will not get as strongly involved in the Russian-Ukrainian conflict, that they will lift the 'anti-Russian' sanctions, and consequently Ukraine will lose the Donbass forever—just as it has probably happened with the Crimea.

The pandemic will not affect the Donbass conflict in any way, just as it will not affect other international conflicts. There are no prospects for lifting or reducing the sanctions in the foreseeable future. American sanctions could remain in force for many decades. And Europe cannot and will not choose a significantly different line in this re-

spect. EU solidarity will not allow individual countries to abandon the sanctions regime. The Crimea will remain Russian, while the fate of Donbass is less obvious.

China is not a threat aged to build a pragmatic relationship. As relations with China is for our relations with the Czech Republic, one of the most important achievements of Russian foreign policy in the last 30 years.

#### How will the pandemic crisis affect the Putin regime?

The rulers will actively and even pre-emptively defend themselves and their power, and try to avert attempts at foreign interference. They will also seek to maintain the passive support of the majority population. It seems to me that the Kremlin today has enough resources and possibilities to deal with the consequences of the pandemic.

#### So you don't see any serious threats to the regime?

The problem I see for the Kremlin is that as the regime 'ages', various groups within the elite will increasingly prepare for the impending power struggle and instead of strengthening unity, they will rock the boat.

In his book All the Kremlin's Men (Вся кремлевская рать), Mikhail Zygar claims that the last role Putin will play in Russia will be that of a saint. Can Putin move away into the shadows over time while retaining control of the system—as Nursultan Nazarbayev is doing in Kazakhstan? We are already seeing some premonitions of that during the pandemic: Putin is less present and more duties are being delegated to local authorities. After the referendum, Putin will be able to rule until 2036—what role does he foresee for himself?

I do not agree with the claim about Putin's

disappearance. He turns up on television every day, he contacts governors and ministers. What more can he do? Ride around the country, distracting a lot of people from their jobs? Walk the streets of Moscow and oversee the quarantine? Putin entered the red zone of a coronavirus hospital once and I think it was irresponsible. Russia is not a country ruled by institutions. It is ruled by people, and without a commander-in-chief the system will fall apart. If Putin fell ill and had to go to the

hospital—as happened with Prime Minister

Mikhail Mishustin-a crisis would break

out, threatening chaos in the governance

I don't think that the Kremlin has the tools or the with Dmitry Medvedev's rule after he saw determination to become a hegemon again in this region. But there is a fear that the USA will establish a military infrastructure in Central Europe.

of the country and political destabilization. The fact that it is governors and ministers that perform the day-to-day work is not a bad thing. If Putin gave all the governors in the country specific orders, his critics would accuse him of undue interference. Russia is a large country, with the conditions differing from region to region. Let the governors learn not only to follow the orders coming from the Kremlin, but also to make their own decisions and take responsibility for them. There is, of course, the problem of regional disparities in resources, and the federal authorities should take action in this respect.

Zygar also puts forward a claim that already ten years ago Putin wanted to retire politically, but could not do so because he did not find a suitable replacement for himself.

There are many indications that Putin sees himself as a historical figure who is responsible for Russia before God. He certainly has been seriously thinking about a successor for a long time, but only about such a successor who would guarantee the preservation of the achievements of the Putin era. It is possible that he was not fully satisfied indications of impending destabilization (protests on Bolotnaya Square) or a change of course in foreign policy (Medvedev's overtures to America and Europe). Putin has to look for a new 'Putin'. Whether he is already keeping an eye on

applies to how he will behave in 2024.

Recently, there has been more and more speculation about Moscow's **Mayor Sergei Sobyanin becoming** Putin's successor. He has been ruling a metropolis with several million people for 10 years, Putin trusts him, and during the pandemic he has been handling the situation quite well.

Putin will choose his successor on the basis of factors that external observers do not see. Every time the new heads of government under Putin-except Medvedevwere a surprise to everyone, including the nominees themselves. This shows that Sobyanin's advantages that you spoke about are important, but not conclusive.

According to the April survey of support for Vladimir Putin's work, conducted by the Levada Center, the president's ratings are the lowest since the beginning of his reign, standing at 59%. Why?

In Russia, the president is the main hero in case of success, and if things go wrong, he is blamed for failures. The sense of self-responsibility among the Russians is weak. Today Russia is going through a difficult crisis, emotions are rampant. The Russians are more anarchist and less disciplined than

someone, we don't know. The fact that the Russia is not a country ruled government reshuffle in January 2020 was by institutions. It is ruled conducted like a special operation shows by people, and without a that he can keep his plans secret. This also commander-in-chief the system will fall apart. If Putin fell ill and had to go to the hospital—a crisis would break out.

> the Asians or Europeans. The Russians are tired: no successes can be seen, everything is going wrong. They are mostly poor, and the establishment people are rich—but they didn't deserve this wealth and often earned it through unacceptable methods. Many people think that the government should help them. They point to the examples of America and Europe, where money is given out to citizens.

> The question is, however, whether these surveys reflect the real support the President enjoys: their methodology was invented for democratic countries. How much do we really know about the mood of the Russians?

The Russian political system is not only not democratic—it is also not European. It is built around a state managed vertically, top-down, by one and indivisible regime. There are no alternatives to this regime, especially at the highest level, and there can't be any. In this system, the opposition is an internal enemy, and relations with the nation are based on a bureaucratic apparatus, subordinated to the highest leader.

Therefore, the answers to the sociologists' questions are not about support for the president's work, but about support for the existence of the state itself as a political system. In the absence of alternatives, people face a dilemma: which do you prefer, the status quo or chaos, the struggle of various usurpers?

Usually, the regime wins hands down, although the sliding of support for the president towards the 50% mark is a warning signal. It would be useful to have support at the level of 2/3—it would be a guarantee of durability.

Putin has to look for a new 'Putin'. Whether he is already keeping an eye on someone, we don't know.

## Is it possible for the Kremlin to increase the level of trust again?

Yes, it is. The pandemic, the quarantine, the sharp rise in unemployment and the sudden drop in the population's income at the end of winter and the beginning of spring are difficult experiences and even a slight improvement will improve moods. People don't expect much from the regime. However, don't give in to the illusion that such a slight increase in the regime's ratings will be of much importance. The stagnation that has been going on for decades continues. No historical policy that would legitimize the present can compensate for the deficit of future prospects. Nor would I expect any international antics that would help the Kremlin improve the mood among the Russians. People are not idiots.

#### **DMITRI TRENIN**

is a Russian expert on international politics and director of the Carnegie Moscow Center. A former colonel of Russian military intelligence, Dmitri served for 21 years in the Soviet Army and Russian Ground Forces, before joining Carnegie in 1994. He received a PhD in History from the Institute of US and Canadian Studies of the Soviet Academy of Sciences, now the Russian Academy of Sciences. He has authored a number of books, including What Is Russia Up To in the Middle East?



# The Pandemic Will Accelerate the European Project

#### **ASPEN.REVIEW**

COMMENT
EU
POLAND
OPPORTUNITY

It is hard to imagine when and if the pandemic will be over. Just as the moment it came about caught us by surprise, the instance in which it may disappear is also hard to plan for. While the pandemic continues, the political perspectives may look different across the West.

Wojciech Przybylski For Europe and for Poland it may seem like a turning point. Stakes are high especially for Poland where the conservative Law and Justice (PiS) government is taking advantage of the last breaths of the prosperity that drove them to political supremacy. There is little it can promise anymore that would not later be dismantled due to economic hardships. And in expectation of the upcoming political change in the USA, all the European capitals are holding their breath for the future of US power, an inescapable element of the political framework in Europe.

In many respects, Richard Haass was right to point out that the pandemic is not a turning point but merely a catalyst of changes that were already taking place in the world. In an opinion piece for Foreign Affairs magazine, he points out global trends and their impact on the USA as a global power. Let's consider his reflections as a context for the situation of Europe and Poland which largely adapt to the tectonic shifts across the Atlantic.

COMMENT EU First, he reminds us of decade-long debates echoing the idea of declining US global dominance that is to be nearer now more than ever before. Even if it is not only about US power but as Moisés Naím argues the end of power and state institutions overall, the impact of such a mindset is stronger than ever.

Second, he raises doubts about the survival of the international community and provides examples of how multilateral institutions suffered from the border closure. Humanity in its initial response retreated to a subnational, rather than a national level. But here there is a serious doubt about his assumptions. Although Mr Haass points to the European Union expecting it to lose momentum, he does not notice new emerging dynamics and just to be on the safe side, he repeats a fatalist message of the further decline of rule based societies.

#### A Turning Point for Political Narratives

We will return to his points on Europe and democratic backsliding in a moment but it is important to notice that it is merely one of many pessimistic voices on the future of Europe, at least in the USA.

After the Brexit referendum and before the divorce negotiations, the EU seemed to be frail and disunited. Eventually it emerged stronger, however, with all the member states, even those ruled by eurosceptics like Poland, in line with the common foreign policy objective.

Finally, Mr Haass concludes that in spite of a possible defeat of Donald Trump, his isolationist mindset is deeply rooted in the pre-war intellectual traditions of today's only superpower. This will keep America away from its ambitious post-war role in the world for long if not forever. This stark pessimism might not be fulfilled—the author of "A World in Disarray" admits—although it is more than likely. Europe and Poland are on track, however, with preparations for this scenario.

Unlike in the case of a global power such as the USA, Europe was at a turning point even before the pandemic. Without a clear trajectory set in advance of COVID19 this is what makes Europe so interesting today.

After the Brexit referendum and before the divorce negotiations, the EU seemed to be frail and disunited. Eventually it emerged stronger, howev-

er, with all the member states, even those ruled by eurosceptics like Poland, 1) www.foreignaffairs. in line with the common foreign policy objective. That was a great surprise even to big fans of the European project and a turning point for political narratives in Warsaw.

Suddenly, the European decentralized model of governance has shown its advantages over an autocratic and highly centralized one, which we pointed out with Maciej Kisilowski in our 'Democratic Lessons from the EU' article for Project Syndicate.

Although Warsaw, a traditional ally of London, was trying to voice British concerns at the EU level over the Irish border, its arguments were largely ignored. Shortly after, when Britain agreed to exit on Brussels' terms, Poland even announced a shift in its foreign policy priorities. In an annual address to the parliament, the Minister of Foreign Affairs prioritized the relationship with Germany for the first time since PiS came to power.

When the EU Court of Justice restrained a few key justice reforms by PiS it was obvious that its rebellion against the EU was over. The European project began to win the struggle against dissident members. A different message that appeals to the sovereignty of the block against dangerous global tides seems to be a persuasive and acceptable narrative across all the member states.

In the global lockdown, however, when all attention was focused on the closed borders and faulty Chinese medical supplies, Ursula von der Leyen came up with a message of apology on behalf of the whole of Europe which failed to deliver aid to Italy. Importantly the EU institutions were never equipped to deliver that assistance in the first place but her message was about the responsibility of Europe i.e. all member states as well as EU institutions. It was therefore not an admission of guilt but a sign of removing the guilt from the member states, a clear sign of a will to be at the helm of future EU direction.

#### **Europe's Window of Opportunity**

Two months later, the European Council on Foreign Policy announced the results of a survey testing EU citizens assessment of political roles and directions in Europe that only confirmed that this is exactly most expected across Europe. Although the majority of respondents were disappointed in the EU's role in the pandemic, a vast majority (in Italy 77% and in Poland 68%) wanted greater European cooperation.

- com/articles/unitedstates/2020-04-07/pandemicwill-accelerate-history-ratherreshape-it
- 2) www.project-syndicate. org/commentary/polanddemocratic-deficit-europeanunion-by-maciei-kisilowskiand-wojciech-przybylski-2019-05?barrier=accesspaylog
- 3) www.ecfr.eu/publications/ summary/europes pandemic politics how the virus has changed the publics worldview

COMMENT EU As the result of the pandemic, Europeans, including Poles, realized the declining influence of the USA that Mr Haass has been describing. Many in the EU rightly believe that it is the role of the US to keep China and Russia at bay. The transatlantic alliance will hold but will be reshaped.

Moreover, as we have seen recently from diplomatic exchanges between the continents Europe is unlikely to embrace China showing a strategic resilience towards Beijing's political ambitions and side by side with the USA.

Poland will not differ much and will tag along. While its public opinion is likely to remain as the most pro-American country in Europe, it also continues to display strong pro-EU sentiment. If the US role and the global order is going to change as an effect of the pandemic, Poland will eventually stick with the EU and its policies more than before seeking to regain its lost position in the block. Due to the electoral cycle, however, it will take at least a decade long effort to accomplish.

Eventually, for the EU, this is one more crisis which pushes more ambitious projects forward. Contrary to the fatalist approach, Europe's routine is to see the pandemic as a window of opportunity. Today it is better equipped for a multipolar world and ready to implement new regulatory frameworks such as the Green Deal and Internet regulations, which are likely to become global blueprints.

With a likely change in the November elections across the Atlantic, Europe will be more influential than before and ready to take a lead in today's key policy areas. Poland will serve as a reminder of US involvement in European affairs, but will likely tune down its unilateral approach to security should the Democrats take over in the elections.

#### **WOJCIECH PRZYBYLSKI**

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# Butterflies, Dysfunctions and Political Power

ASPEN.REVIEW GYÖRGY SCHÖPFLIN

POLITICS
CORONAVIRUS
HUNGARY
CHINA

Viktor Orbán clearly sees the erosion of the West, but it is unclear where the new ideas will come from. Can Central Europe reverse the historical dynamic of being the subaltern and instead be the role model for a renewal?

In the midst of a crisis, it is hard to see the whole picture. We can identify elements of it, but the risk that later events will marginalize them is considerable. Some crises, especially, if they are concentrated in time, are easier to assess, but this absolutely does not apply to the world transformed by COVID-19.

Its beginnings are a classic illustration of the butterfly effect. A hitherto unknown virus starts out from Wuhan, a previously almost entirely unknown Chinese city, and turns the world upside down. A small, local cause has global consequences. These are—in no particular order—political, economic, cultural, social, demographic, etc., the list is endless. And, to in-

#### POLITICS CORONAVIRUS

troduce another aspect of complexity, many of the changes brought about by the corona virus are irreversible. By way of example, the value chains on which much of Europe's economy relied cannot be restored to the status quo ante. This further means that the economic thinking that underlay this, the so called 'just-in-time' approach, in other words not having large inventories, is now seen as very high risk indeed. Most likely, very few countries will allow their health services to become as run down as they were in, say, February. Surplus and redundancy, previously seen as costly and irrational, will now be a necessity.

To bring things down to earth a bit, it is worth looking briefly at the impact of the virus on the European Union and then to focus on Hungary. To say that the EU was entirely unprepared for the crisis is close to the truth; indeed initially it looked as if the EU failed to understand what impact a pandemic would have. From a Brussels perspective, the problem was that health is a member state competence and as an institution, a health crisis was largely outside its field of knowledge, despite earlier epidemics like SARS, H1N1 or Ebola. Memories of the 1918 Spanish flu, with at least 50 million deaths, were thin, as was the aetiology.

Slowly the EU began to shift gears. It was taken aback that member states acted without much regard for the EU; lockdown was brought in rapidly by the member states—faster in some countries than in others—in order to slow down the infections. So no easy travel for the EU, although commercial traffic was maintained. In a word, no Schengen, no tourism and a serious threat to the Single Market, properly seen as the EU's jewel in the crown. To make this proposition clearer, the Brexit talks (yes, Brexit has yet to go away) have been foundering on the EU's utter determination to maintain the integrity of the Single Market, code name 'level playing field', at whatever the cost, even if that would result in a no deal outcome.

#### 'The Road to Damascus'

It took some weeks into the COVID crisis, but eventually the EU acted to help restore the badly hit economies of its member states, although even here serious difficulties arose as to how much of this should be by way of loans and how much through grants, not to mention the contested formula according to which the support is to be distributed (the decision is not final at the time of writing). To confuse matters, while the EU's €750 bil-

lion package is nominally separate from the negotiations on the EU's next budget—the Multiannual Financial Framework (MFF) in EU-language—it faces a parallel problem, that some member states, the so-called 'frugal four' are extremely reluctant to participate at all. There are, after all, limits to EU solidarity.

How Hungary fits into all this is another, in some ways a highly controversial matter. The Hungarian government began to take seriously the possibility of COVID in early March. The data on mass infections from Italy and Austria was increasingly difficult to ignore. On a personal note, I flew from Budapest on 1 March and was very much aware of lurking dangers, so I stayed as far from other people as I could while changing planes at Frankfurt. I spent the lockdown in Tallinn.

The Hungarian government had to face multiple problems. Health provision was not in a good state, neither as far as personnel or infrastructure was concerned nor regarding the general health of the population (obesity, diabetes, co-morbidity), with an aging demographic to exacerbate matters. Second, emergency provisions could be declared, but only for two weeks, in the first instance. This lay behind the government's decision to ask

# The Hungarian government had to face multiple problems. Health provision was not in a good state, neither as far as personnel or infrastructure was concerned nor regarding the general health of the population.

parliament for extended emergency powers.

The opposition, mindful of the crisis, was more than halfway ready to vote in favour, yes, in favour of the Fidesz government that it had excoriated for a decade. Fidesz, on the other hand, had to be persuaded that this apparent road to Damascus was sincere, which became all but impossible when Hungarian civil society and the leftwing media cried 'betrayal', accusing the opposition of getting into bed with Fidesz.

## A Low Level of Mutual Trust between the Government and the Opposition

The sticking point was that the government sought emergency powers without an exit clause, meaning no time limit. Parliament would remain in session, as would the constitutional court, but the level of mutual trust

POLITICS CORONAVIRUS between government and opposition was and is so abysmally low that, even in an unprecedented national emergency, agreement proved impossible to reach.

If this can be termed a thoroughly regrettable state of affairs, then the response from outside Hungary added to the government's determination to press ahead with the 'no time limit' provision. There were howls of outrage from the Western left to add fuel to the fire, with accusations that Hungary had become a dictatorship. The European Parliament scheduled a debate on Hungary—let me add here, actually in the midst of the pandemic—and simply ignored data from Hungary that contradicted its pretermined positions. The Hungarian opposition could have helped to restore at least a sliver of trust by distancing itself from the chorus of condemnation, but it did nothing of the kind, on the contrary. The European left simply refused to believe that the Fidesz government would ever give up the emergency powers and looked out of the window when it duly did so in June.

All this requires some background. Why have political affairs in Hungary reached this breakdown? Why has this polarisation emerged at all, even if polarization between 'left' and 'right' (to use conventional language) is present in so many EU countries, not to mention the United States?

The Hungarian case has its own specificities, some going back to before 1914, some to the legacy of communism and, equally, to the particulars of the exit from communism. Before the First World War, Hungary was faced with the same dilemma that every late modernizing society has encountered—when modernizing, what should the models be? That of the successful West or could there be a local model of modernity? Or how much of each? There is no easy answer, but the issue can readily result in polarization around fears of colonization versus fears of 'perpetual backwardness'.

#### **A Strong National Narrative**

As far as Hungary is concerned, the repeated cultural traumas of the twentieth century (Trianon, the destruction and invasions of the Second World War, communism, 1956 and the economic collapse of 1990 onwards) have underpinned a strong national—what some call a 'nativist'—narrative. In summary, this constitutes the Fidesz argument, that Hungary has to be strong and modern in the Hungarian way, not according to the obligatory models of the West. The argument has been greatly strengthened by the

manifest failures of the imported model after 1990. Market freedom resulted in GDP shrinkage and unemployment, then after the left's victory in 2002, the self-styled liberal system ended with a near collapse of the state and massive indebtedness.

These factors are a necessary condition for understanding Fidesz's visceral response to EU and liberal formulae. These failed badly in the recent past, so why should they work now? Indeed, the so-called unorthodox economic strategy of the post-2010 period produced very respectable growth figures, at a time when the economies of the West were in the doldrums. And equally, the dominant liberal political systems were looking increasingly threadbare. At this time (June 2020), the ripples of the Black Lives Matter protests, a notable symptom of the dysfunctions of the West, have yet to make an impact on Hungary, but the country's unresolved Roma issue could ignite something similar.

With this background it becomes easier to understand Prime Minister Viktor Orbán's pessimism about the West. In his speech on 6 June at Sátoraljaújhely, he stated, "The world is changing. The changes are tectonic. The United States is no longer alone on the throne of the world, Eurasia is rebuilding with full throttle, the frames of our European Union are creaking, and now it hopes to save itself with a *salto mortale* [death leap]". He contrasted this with Hungary's success in restoring itself, together with the superior capacity of Central Europe as against the decline of the West.

There were howls of outrage from the Western left to add fuel to the fire, with accusations that Hungary had become a dictatorship. The European Parliament scheduled a debate on Hungary and simply ignored data from Hungary.

#### The West is Losing its Capacity for Self-Reproduction

How real is this proposition? Does Orbán's analysis of the erosion of the West hold water? There is a line of argument that supports the pessimism. In summary form, as presently constituted in its liberal vestments, the West is losing its capacity for self-reproduction. The evidence for this proposition is that Western political and economic institutions are in the midst of a set of interlocking crises that they are not able to identify, let alone solve.

#### POLITICS CORONAVIRUS

What are the factors that explain this dysfunction? First, there is the inequality, both status and material. The gap between haves and have-nots is increasing and the response of the latter (the gilets jaunes in France, Brexit and the collapse of the Red Wall in Britain, the rise of anti-system parties in Italy) is dismissed by the haves as irrational. Mutual respect is absent.

Second is the 'disconnect' between voter aspirations and government (and EU) performance. The tacit promise of steady improvement for all has failed, real incomes have stagnated, hence many voters no longer trust liberal institutions. The third factor is inconsistency and double standards, differential access to health and/or educational provision is one example, while those with power pretend otherwise. And the EU is repeatedly caught at this game—it looks very carefully at rule of law provision in some member states, while ignoring similar shortcomings in others.

#### A static ruling system can maintain itself through ritual and sacralization, through a lopsided redistribution of benefits, but will find itself ever further from a state of equilibrium.

The fourth dysfunction is the persistent asymmetries of power, with weak conflict resolution, at both the domestic political level and in the EU. Finally, there is an inability and unwillingness to absorb radicalism. Note that these factors can potentiate one another—asymmetries of power can intensify double standards, amplifying resentment; inequality potentiates the disconnect.

#### Is the West and Europe at the Threshold of Change?

All this is currently noteworthy because Europe historically gained some of its energies and innovativeness from outliers that appeared as radical challenges to the status quo. Europe and the EU's answer is exclusion, the imposition of the *cordon sanitaire* on those it deems beyond the pale. This only enhances resentment, even while demonstrating that liberal democratic Europe has become static and is close to a threshold where it can no longer reproduce itself in its present form.

A static ruling system can maintain itself through ritual and sacralization, through a lopsided redistribution of benefits, but will find itself ever further from a state of equilibrium (i.e. with a self-reproducing ca-

pacity). The question to be decided, and the very fact that the question can be posed is in itself significant, is whether the West and Europe is or is not at the threshold of change? Is it subject to self-amplifying oscillations, disturbances which the system cannot absorb and make a part of its renewal? And if it does cross the threshold, will that become irreversible, to end up with a new equilibrium, with different asymmetries and power distribution?

The answers are not self-evident, but the challenges are. Orbán clearly sees the erosion of the West, but it is unclear where the new ideas will come from. Can Central Europe reverse the historical dynamic of being the subaltern and instead be the role model for a renewal that discards the West's post-national dreamworld and accepts that nationhood remains an inescapable component of Europe's identity? Or is this all a kind of overreach?

#### GYÖRGY SCHÖPFLIN

was born in Budapest in 1939 and lived in the UK from 1950 to 2004. He worked at the Royal Institute of International Affairs (1963–1967) and the BBC (1967–1976) before taking up university lecturing at the school of Slavonic and East European Studies, University of London (1976–2004), including as Jean Monnet Professor of Politics and Director of the Centre for the Study of Nationalism. His principal area of research is the relationship between ethnicity, nationhood and political power, with particular reference to post-communism. Professor Schöpflin was elected a Member of the European Parliament for Fidesz–Hungarian Civic Union, a member of the Group of the European People's Party (Christian Democrats) in 2004 and re-elected in 2009 and in 2014. | Photo: Schöpflin iroda

ASPEN.REVIEW

POLITICS AUSTRIA MITTELEUROPA V4

# Emil Brix: We Have Too Much History

More Austrians would agree that we should restore the Habsburg monarchy rather than unify with Germany – says Emil Brix in an interview with Zbigniew Rokita

ZBIGNIEW ROKITA: In your book Mitteleuropa Revisited you and Erhard Busek stressed: "Austria joined the EU in 1995 as the first Central European country". Is that really how most Austrians perceive themselves—as a Central European country rather than a Western one?

EMIL BRIX: Austria has a long tradition of being a Central European country. After World War II, the Iron Curtain mentally divided the Austrian population: a large number of Austrians identified themelves as part of the free world—the West, but the other part felt connected with Central Europe. Additionally, the fact that Austria declared itself a permanently neutral state after becoming fully independent in 1955

and did not join NATO reinforced the idea that Austria was both a Western and a Central European country with special relations to the East.

After the fall of the Iron Curtain, polls showed that the number of Austrians perceiving their country as part of Central Europe increased. During the Cold War, they declared that the closest country for them was Germany, but after 1989 this was replaced by Hungary. Actually, during the last couple of years, it has been changing once again.

#### What was the reason?

Because of the media coverage on the non-democratic developments in countries like Hungary the mental ties with the region have become a little bit looser.

# Do you think that mentally we, as Europe, have managed to overcome the Iron Curtain?

I hoped for that after 1989, but now I see that we didn't succeed. I blame, at least partly, the structure of the European Union. This structure has a Western European no-

The structure of the European Union has a Western European notion: Western European countries still make the most important decisions, we still have the idea that the cooperation between France and Germany is politically the most important one.

tion: Western European countries still make the most important decisions in the field of economics, we still have the idea that the cooperation between France and Germany is politically the most important one, etc. There have been too few attempts on the Western European side to include Central European countries in that golf club. And this is not only about economics or politics. In the EU we speak a lot about European values, but we are not ready to discuss it with Central European states.

Does the West treat Central Europe as something worse? In the book you quoted data according to which fish fingers in Austria contain 65% of fish while in Slovakia only 58. There are

# plenty of similar examples. Why is this so? It looks like Western Europe treats Central Europe as something inferior.

This is the consequence of the market economy. When we confront some companies with these figures, they answer that it has to be done, because the taste of Central Europeans is different from the taste of Austrians. But what they are really saying is that the logic of capitalism is to sell the same product at different prices or different products at the same price if this allows them to make more profit. They use similar capitalistic tools that were used in the colonies for a long time. You cannot build equal relationships as long as this form of economic logic continues. This creates resentment. This is much more important than the idea of Ivan Krastey who claims that the real problem is that the East was only imitating the West and resentment emerged when the East realized that this is nothing but imitation.

# Professor Jacek Purchla wrote in his introduction to Mitteleuropa Revisited: "Not accidentally Austria was the only western country that did not see itself before 1989 as part of the East"—was that the case? Even Poland? You didn't have that concept of two Europes?

This is absolutely correct. But it was not because Austrian politics was more advanced. It was a question of experience. At least for the political elite in Vienna, it was clear that we have a geopolitical situation that is not genuine and natural. Moreover, it was easier for Austrians to cross the Iron Curtain. We also knew how to help dissidents in Poland or Czechoslovakia after 1968 or 1981. We had our historical experiences. Also, as a neutral country we had a different position. Just look at the fact that it was Austria which was the transit country for the migration of 300,000 Jews from the Soviet Union to the free world.

You underline historical links but it happens to be quite challenging. Countries like Russia still suffer from so-called post-imperial syndrome. Hungary also experiences very strong so-called Trianon syndrome. Does Austria—which is only one country that used to be an empire at the beginning of the twentieth century and now is not a leading world power any longer—also suffer from this disease?

No, you cannot find post-imperial trauma within Austrian society and politically this does not exist at all. My feeling is that, different from Hungary, Austria never saw itself as only a victim of the past.

### How did you manage to avoid this self-victimization?

Because of the good economic development between 1945 and 1989. Becoming a prosperous country helped us avoid developing this idea that we have always been victims. Austrians don't feel bad about lost

territories, not even all that much about the loss of the German-speaking South Tyrol (Alto Adige).

Secondly, Austria is one of the few countries where a national identity was able to develop although we have a neighboring country where the same language is spoken. This is something unusual in twentieth century Europe. It also helps us avoid a post-imperial syndrome.

You cannot find postimperial trauma within Austrian society and politically this does not exist at all. My feeling is that, different from Hungary, Austria never saw itself as only a victim of the past.

You mentioned special ties between Austria and Germany. I'm wondering when the willingness of at least part of Austrians to unify with Germany disappeared entirely?

Immediately after 1945. It was very clear that the only way to gain independence was to end the German dream in Austria. To erase this dream, the occupation of four World War II allies up until 1955 also helped. Today this is not a question at all—most Austrians would agree that it would be better to restore the Habsburg monarchy than unify with Germany.

In the book you underline how important it is to cover all the terras

incognitas in one's history. Poland is trying to do this right now but it's going slowly and painfully: an example is the ongoing discussion on the Polish attitude towards Jews during the war. Did Austria manage to deal with its historical dilemmas like Kurt Waldheim or Anschluss?

Yes, but it took us a long time. We succeeded because in our economic system we were able to develop a strong middle-class and an active civil society that pushed for looking into history in a much more open way than it was before. Take a look at what is going on in Belarus. The economic situation there is not bad. They still have cheap energy from Russia, and they produce the best chips for computers for American companies. But they are missing the Central European part. More and more people in Minsk are asking: how can we develop a strong middle-class civil society which we need to develop a national community that is acceptable for the majority of the Belarussians and that may help them take part in the political process? This is the and we can share it.

But why is history so important in our region? Conflicts over the past burst out until 1955 also helped. over and over again, much more often than in the US or the UK. How can we get rid of these constant dilemmas? We have too much history in Central Europe. There are so many layers, expe-

riences, approaches, perspectives, the identity situation is simply much more complex. Arguments about the past have a direct connection with building a national identity. Western countries like France or Britain managed to build a common collective identity from the sixteenth to the eighteenth centuries, sometimes brutally. In Central Europe, it took us much longer and we even up until now face the challenge of building common ideas about our past within our societies. As a consequence, we have many more issues that need to be discussed. Nation-building processes are as a rule finished in most Western European countries, but are still dynamic in Central European ones.

But this is not only the case in our region take a look at Spain for instance. They struggle with their past in search of commonalities. This concerns how to judge the Franco period but also how to 'manage' the past and the future of the Catalonians.

It was very clear that the only way to gain independence was to experience that we have in Central Europe end the German dream in Austria. To erase this dream, the occupation of four World War II allies up

> According to your book, some countries may become a part of Central Europe in the following years. You wrote that in the future Albania or

Macedonia may 'join Central Europe'.

I'm wondering why they would want to join us? Central European states were willing to join the West because of safety and welfare. But why would Central Europe be attractive for Albania more than Western Europe? Are we not only the transitional stage on their paths to the West?

Because safety and welfare are not enough to build a community. It was very understandable for any former member of the Warsaw Pact to see the idea of Central Europe as only a way to integrate into the West. But afterwards some people realized that this stepping stone is maybe more important than the final objective Poland or Hungary were heading toward. It is thus not a surprise that now in these countries political parties can win elections by criticizing 'liberal democracy'. Transformation can reach a point from which societies cannot go further without answering the questions: what does it mean for culture, for the national identity?

It's interesting what you are saying about a stepping stone that becomes more important than the goal because many people claim that the story about Central Europe is more about what it isn't than what it is: we are not the East anymore but we are not the West yet either.

It's wrong to think that Central Europe is only what someone does not want to

be. Central Europe cannot merely be the acceptance of the West as a whole, it cannot be an attempt at imitation. Parties like Law and Justice in Poland are so successful because they understand that they need to balance the market economy and focus on equality. Central Europe is the notion that it is not enough to catch up with the West. It should be verified based on how the Western concept works and combine it with our own experience. If we see ourselves only as a periphery, we will not manage to develop convincing ideas about Europe and we won't understand what our own priorities are.

But to achieve it people in Poland, Slovakia or Hungary should start liking themselves. We still perceive ourselves as a worse West. There is a great deal of work to do in this area, because no one will respect us if we will not respect ourselves first.

It has a lot to do with the notion that we need to reframe the narrative of what Europe is. Western Europe made many mistakes when integrating Central Europe, but we also made a serious mistake by not reframing this narrative. And to change a narrative is much more difficult than to cut the barbed wire on the Austrian-Hungarian border. Today the main story is that there is Western Europe and the rest of the continent should be civilized. We should notice that there is something dignified in our own, Central European, past. And it is

not only about history, but also about how we see the economy, how work should be organized and what should be the place of intellectuals in public life.

Today the main story is that there is Western Europe and the rest of the continent should be civilized. We should notice that there is something dignified in our own, Central European past.

The subtitle of your book is the question: does the future of Europe depend on it? What do you mean by that?

As long as there is no clear influence of Central Europe and its experiences on the European Union, the break-up of the whole organization is not impossible. Central European voices have to be heard.

Many underline that when Orbán built fences on the border a few years ago, the West criticized him, but when Greeks now shoot at refugees' boats, Brussels supports them. I'm afraid that Central Europe really is the future of Europe but not in the person of Havel or Konrad but rather Kotleba and Orbán. Yesterday's outsiders like them or Kaczyński are now becoming part of the mainstream.

True, it looks increasingly as if some role models like Jarosław Kaczyński or Viktor Orbán are now the mainstream models for the rest of the European Union. Orbán said two years ago: "We thought Europe is our future, but now we see that we are the future of Europe". Why is that so? During the EU integration process, member countries created a lot of illusions. The basic idea of the European project was: we can create a common Europe simply by not talking about culture, identity or education and that it is enough to talk about iron, steel and shared institutions. But today we see that this does not suffice. As long as there was an Iron Curtain, it seemed to be easy.

#### Why?

Because then in the West people could say: "We are the good ones, and they are the bad guys". They were criticizing the communist regimes, but actually they were talking about people living on the other side of the Iron Curtain. Now Europe is much more fragmented. And our Central European experience may be helpful. Central Europe is telling the rest of the EU: "Try to be more realistic and less illusionary; you cannot keep continuing to 'deepen' the EU and not telling your societies what you want to achieve".

You're constantly emphasizing the very need for reframing narratives of what Europe is. You wrote that Austria and Slovenia joining the V4 may prevail in western skepticism over Central Europe and enforce the bridge between the Western Balkans and the West. Why don't you join?

Within the V4 members, there is no readiness to accept other states joining the organization. Austria tested the waters for that idea informally at least once, but the V4 countries think that they have found some sort of strange equilibrium they do not want to change. Especially in Poland, there is the idea that Poland is a front runner and Warsaw decides. It's funny, but in the rest of the Visegrad capitals, politicians also claim that they are the decisive forces. But to make Central Europe more influential we need to include other countries like Austria, Slovenia, maybe Croatia in political structures like the V4. This would immediately help to change the European narrative.

Aren't you tired of this constant discussion about what is Central Europe, what are its borders, etc.?

I am tired of the question: "What is Central Europe". And do you know what I usually answer?

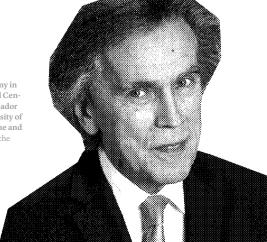
Central Europe is telling the rest of the EU: "Try to be more realistic and less illusionary; you cannot keep continuing to 'deepen' the EU and not telling your societies what you want to achieve".

#### What?

This is a moving target. I have met many immigrants in Australia, Israel or the United States that tell me: "We are Central Europeans". I learned from them that Central Europe is not only a question of politics but mostly of mentality and culture. This is about who we are. I looked back to Vienna before 1914—how creative this city was! It was the plurality of Central Europe that made it possible. We can try to create this openness and plurality once again and then we can achieve much more than what was possible before and immediately after the Iron Curtain fell.

#### **EMIL BRIX**

is an Austrian diplomat and historian, Director of the Diplomatic Academy in Vienna and Deputy Chairman of the Institute for the Danube Region and Central Europe. He served as Consul General in Cracow, Poland and Ambassador to the UK and to the Russian Federation. He holds a PhD from the University of Vienna and was awarded Dr hc. by the University of Drohobytsch, Ukraine and by the University of Cluj-Napoca, Romania. | Photo: Copyright Diplomatische Akademie/Peter Lechner



# The Education of an American President Woodrow Wilson and the Study of Central and Eastern Europe

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There has certainly never been an American president who cared more passionately about Central and Eastern Europe and did more to transform its geopolitical circumstances than Woodrow Wilson. With America's entry into World War One, declaring war against Germany in April 1917 and against Austria-Hungary in December, Wilson was keenly focused on Eastern Europe as a site for defining war aims and peace terms. Already in the famous Fourteen Points Speech of January 1918, Wilson dedicated points 10 through 13 to Eastern Europe, advocating autonomous development for the peoples of the Habsburg and Ottoman empires, political independence and territorial integrity for the Balkans states, and the creation of an independent Poland for the first time since the partitions of the eighteenth century. The eventual outcome of the Paris Peace Conference—guided principally by Wilson together with David Lloyd George and Georges Clemenceauproduced an even more radical transformation of the map with the former imperial realms replaced by a set of interlocking national states. This has remained the template for the mapping of Central and Eastern Europe over the last hundred years since the peace treaties of 1919 and 1920.

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Wilson had a Ph.D. in political science, held a professorship at Princeton, and served as president of Princeton before entering politics. He is still the only American president to have earned a doctorate. Yet Wilson knew almost nothing about Central and Eastern Europe before he went to war in 1917, and he never in his life laid eyes on any of the territories of the region. As a student at Princeton in the 1870s, he was a fierce partisan of the British Liberal leader Wiliam Gladstone, and therefore followed the Eastern Crisis of that decade through Gladstone's anti-Ottoman polemics on behalf of the Christian Slavs of southeastern Europe. In Wilson's published work, notably his multi-volume *History of the American People* of 1902, his awareness of the peoples of Eastern Europe was largely a matter of patrician condescension toward American immigrant populations, cited as "men of the meaner sort of Hungary and Poland, men out of the ranks where there was neither skill nor intelligence." Between 1917 and 1919, Wilson put himself through a crash course of self-education concerning Eastern Europe, without actually putting aside either his Gladstonian Liberal perspective or his ambivalence about American immigrant groups, whose support he had to solicit in his presidential campaigns of 1912 and 1916. By the time he reached Paris in December 1918, after the war was over, his Platonic inexperience of Eastern Europe was partly camouflaged by his studious preparation which was shaped by a set of sentimental sympathies and personal prejudices. At the conference he would translate his own mental mapping of Eastern Europe into the new geopolitical mapping that characterized the postwar settlement.

The eventual outcome of the Paris Peace Conference produced an even more radical transformation of the map with the former imperial realms replaced by a set of interlocking national states.

#### The Most Important Figure

Wilson's wartime education was assisted by the intellectual enterprise known as "The Inquiry"—assembled by Wilson's closest adviser Colonel Edward House for the precise purpose of offering the President information relevant to war aims and peace terms. The chairman of The Inquiry was the philosopher Sidney Edward Mezes, the president of the City College of New York; the young journalist Walter Lippmann also played a

leading role. Isaiah Bowman, the director of the American Geographical Society, was crucial for providing maps—both of geography and ethnography—and he would go to Paris as Wilson's Chief Territorial Specialist.

The most important The Inquiry figure for understanding Central and Eastern Europe, however, was Harvard professor of history Archibald Cary Coolidge. He was a direct descendant of Thomas Jefferson, a remote cousin of future president Calvin Coolidge, and probably the American academic who knew most about Eastern Europe at that moment. He had done all the traveling that Wilson had never done: had visited Ottoman Constantinople, Habsburg Vienna, and Romanov St. Petersburg in the 1890s, and had even been presented to the Tsar. He also brought into The Inquiry research pool his graduate students Robert Kerner, with expertise on Czech and South Slavic history, and Robert Howard Lord, with expertise in Polish history. At the time of the peace conference, Wilson stayed in Paris (with brief trips to London and Rome), but Coolidge, Kerner, and Lord fanned out across Central and Eastern Europe to provide reports to the president, offering eyewitness accounts of the territories under discussion in Paris. In November 1918, following the armistice, Coolidge received "instructions to proceed to Eastern Europe to investigate and report upon conditions there." Kerner was of Bohemian descent and was presumed to be sympathetic to Czech interests, while Lord, with his Polish expertise, was regarded as a friend of Poland and punningly dubbed by the Poles as "nasz Lord"—Our Lord.

#### The Role of Personal Friendships

The academic experts played an influential role in providing Wilson with necessary information and analysis, partly compensating for his own relative lack of knowledge of Central and Eastern Europe. Yet, he also forged his own perspective based on personal friendships that he had developed during the final years of the war, most notably with Tomáš Masaryk, the Czech national leader and future president of Czechoslovakia, and Ignacy Jan Paderewski, the Polish pianist who later represented Poland at the Paris Peace Conference and then became prime minister of Poland. Both of these men were, without any doubt, lobbying Wilson during the war on behalf of their respective political causes, but Wilson came to feel that they were his friends, and that his personal friendship for them could serve as a metonymy for his friendship toward their entire nations. "It is deep-

<u>POLITICS</u> USA ly gratifying to me," wrote Wilson to Masaryk in January 1919, "that the Czecho-Slovak peoples should recognize in me their friend and the champion of their rights."

Between 1917 and 1919, Wilson put himself through a crash course of self-education concerning Eastern Europe, without actually putting aside his ambivalence about American immigrant groups.

His personal attachments would lead to a sense of disillusionment at the peace conference, when the nations that he had befriended conducted themselves as political (rather than sentimental) entities with national interests that were inevitably self-serving and self-aggrandizing. On the way to Paris in December 1918, sailing on the *USS George Washington*, Wilson is said to have exclaimed, "Three million Germans in Bohemia! That's curious! Masaryk never told me that!" Wilson was interested in the geographic and ethnographic mapping of Eastern Europe, but his mental mapping was often personal and sentimental.

When Wilson spoke on behalf of the Treaty of Versailles and the League of Nations, he sometimes verbally drew a map for his audience. Speaking to the Democratic National Committee in late February 1919, on a brief visit back to Washington during the Paris Peace Conference, he explained, "We are carving a piece of Poland out of Germany's side; we are creating an independent Bohemia below that, an independent Hungary below that, and enlarging Rumania, and we are rearranging the territorial divisions of the Balkan states."

In September 1919, during his whistle stop tour on behalf of the treaty, which faced opposition in the Republican Senate, Wilson orated in Des Moines, Iowa: "And south of Poland is Bohemia, which we cut away from the Austrian combination. And below Bohemia is Hungary, which can no longer rely upon the assistant strength of Austria, and below her is an enlarged Rumania. Alongside of Rumania is the new Slavic kingdom." The geography of Central and Eastern Europe was something that he had recently attempted to master himself, and now he laid it out, like a schoolteacher, to the American public. His verbs made very clear the power of the peacemakers to transform Eastern Europe: we are carving, we are creating, we are rearranging. Thus he helped to produce the new map of interlocking national states in the region.

#### America's Move to Isolation

Wilson's cross-country tour was so stressful that he collapsed in Colorado in September and then suffered a major stroke in Washington in October, leaving him significantly incapacitated for the last year of his presidential term. With the United States Senate's rejection of the Treaty of Versailles and the League of Nations in 1919 and 1920, followed by the election of Republican Warren Harding to the presidency in 1920, America moved toward isolation. Yet, though Wilsonian internationalism would have to recede in the 1920s and 1930s, the war and the peace conference provided a powerful scholarly impetus to the academic study of Eastern Europe, which gained strength through the twentieth century and came fully of age when America reengaged with Europe during World War Two and the Cold War.

Archibald Cary Coolidge returned to Harvard after the peace conference and continued to teach courses on Central and Eastern Europe, and to build the Slavic collection of Widener Library, until his death in 1928. In 1922, he became the founding editor of the journal *Foreign Affairs*. While the government in Washington turned toward isolation, Coolidge at Harvard redoubled his academic commitment to Eastern Europe and created a whole new field of academic study within the American university system. His student Robert Kerner—in Europe at the time of the peace conference—became professor of East European history at Berkeley in 1928 and founded the Berkeley Institute of Slavic Studies in 1948.

When Wilson spoke on behalf of the Treaty of Versailles and the League of Nations, he sometimes verbally drew a map for his audience.

#### The Impact of Wilsonian Internationalism

Kerner's student Wayne Vucinich—who worked with the Office of Strategic Services (OSS) during World War Two—taught at Stanford from 1946 to 1988, and helped to establish the Stanford Center for Russian and East European Studies. I myself studied for my doctorate in East European history at Stanford with Vucinich. The whole field of study of Eastern Europe in the United States descends from Coolidge, and those descendants remain active in American universities today. Wilsonian internationalism had an energizing and influential impact on American academic life, even as it was effaced in American foreign policy.

POLITICS USA After the Paris Peace Conference, when the Senate refused to approve the treaty, and when Harding took the White House with a commitment to American isolation, Wilson was unable to play any role in superintending the new states of Central and Eastern Europe that he had helped to situate on the

After the Paris Peace Conference, when the Senate refused to approve the treaty, Wilson was unable to play any role in superintending the new states of Central and Eastern Europe that he had helped to situate on the map.

map. Yet, the new states remained sentimentally important to him during the last years of his life. In 1923, one year before his death, Wilson, himself the son of a Protestant minister, corresponded with a Protestant minister in the new state of Czechoslovakia: "It makes me proud indeed to know that I am thought to have promoted the liberties of the people of Czechoslovakia. My interest in them can never grow less, and I shall always deem the title 'friend of Czechoslovakia' as one of the most distinguished I could bear." Later that year he received a photo album from Czechoslovakia celebrating himself, and he wrote to President Masaryk to thank him for "the really magnificent volumes in which you have so thoughtfully had bound photographs of places and objects which citizens of Czechoslovakia have been so gracious as to name for me." A statue of Wilson was erected in 1928 at the Prague train station, which was also named for him, a mark of appreciation and a memento of the American internationalism that remained unfulfilled in the 1920s. The statue was taken down during the Nazi occupation of Czechoslovakia, and stayed down during the decades of Soviet domination during the Cold War. In 2011, a new statue of Wilson was unveiled in Prague and still stands today as a reminder of the historical importance and potential future significance of American international engagement.

#### LARRY WOLFF

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## How Europe Could Break Apart

ASPEN.REVIEW
HEINER FLASSBECK

ECONOMY EU MONETARISM GERMANY

Maastricht was built on monetarism. But monetarism is a fiction—the fiction that there is a money supply that is controlled by an independent and purely technocratically managed central bank. This dream has nothing to do with reality.

The ruling of the German Federal Constitutional Court of 5 May 2020 on the policies of the European Central Bank (ECB) will go down in history—at least many would agree on this. But what the deeper reasons for such a judgment might be will remain a mystery on all sides for a long time to come. The only thing that seems certain is that future historians will find it difficult to understand what happened. It will not simply be a matter of going to a library to clarify the circumstances and investigate the causes. You will have to know and understand the spirit of the times and its media echo in order to answer the question of how it was possible that demonstrably intelligent people could get so completely lost.

The 'poor German saver' is at the centre of the Karlsruhe considerations on proportionality and thus on the 'side effects' of monetary policy. But that is exactly where he must stand, albeit in a completely different sense than the court thinks. The 'poor' saver in a deflationary situation cannot hope for help from monetary policy, because in a deflationary situation it is precisely about discouraging saving and encouraging indebtedness.

The realization that at a certain point the central bank will not get any further in its efforts to steer the economy and achieve its goal via interest rates is trivial. Even Mario Draghi, former president of the European Central Bank, has said it hundreds of times and called on the states to do more on

ECONOMY EU their part, which of course means getting into debt and ensuring that wages develop sensibly, because otherwise there is logically no way out of weak growth and deflationary tendencies. Economic logic is not, however, the domain of jurisprudence, which is why the highest German court was foolish enough to give free rein to its prejudices and attack Italy as well.

The reduction of the general interest rate level supported by the PSPP (public sector purchase program) thus undisputedly relieves the national budgets of the member states. As a result, there is a risk—despite the 'guarantees' accepted by the Court of Justice—that necessary consolidation and reform efforts will not be implemented or continued.

The "necessary consolidation and reform efforts"! If only one could say clearly what this is? How does the Senate of the Constitutional Court know what is possible and necessary in Italy? It refers here to the Council of Experts (SVR), but obviously cannot judge what position the SVR takes. That this could be extremely one-sided does not occur to the judges. The SVR position lacks any logic in the case of Italian companies being net savers and a high current account surplus of Germany, Italy's important trading partner. Even a national constitutional court that has been dealing intensively with a European matter for years should at some point understand that no country within a community based on rule of law and, above all, a monetary union, can be understood without understanding all the countries that belong to it—and the system in which they operate together.

#### Monetary Union Is Still Misunderstood

The core of the explosive story is that in Germany the consequences of monetary union are still unknown or are being suppressed. In any case, what is being systematically and permanently suppressed is that it was Germany that drove a huge wedge into EMU in the early years of the euro through German deflation. The German government put pressure on German wages through a variety of measures, thereby increasing the competitiveness of German companies vis-à-vis their currency partners. This is exactly what you cannot do in a monetary union.

Since there is a close empirical and theoretically easily explained relationship between national unit labor cost developments and national inflation rates, the undercutting of the common inflation target by a large nation in the Union inevitably results in large and persistent current account imbalances and deflation. Current account imbalances automatically mean higher debt in the deficit countries. The central bank cannot do anything about this, however, in a monetary union because, logically, it can only be guided by the average price development of all the member states. If the sum of all the states results in an inflation rate that corresponds to the mandate of the central bank, monetary policy cannot and must not react to the misconduct of a single member.

# The 'poor' saver in a deflationary situation cannot hope for help from monetary policy, because in a deflationary situation it is precisely about discouraging saving and encouraging indebtedness.

And this is precisely why German wage dumping was the most fundamental and serious violation of the jointly agreed goal of achieving an inflation rate of just under two per cent. If Germany had adhered to the two per cent target as consistently as France, the ECB could have put the states that deviated beyond the two per cent within the limits by raising interest rates. Then the imbalances would only have occurred for a short time and to a much lesser extent.

Germany's failure to meet the inflation target tied the ECB's hands: the ECB can only conduct one and the same monetary policy for all member states at the same time. This came in very handy for Germany in the 2000s, although interest rates were too high in relation to German inflation, which hurt German domestic demand, especially investment demand. The German saver was, however, happy. And external surpluses in EMU and gains of market shares on international third markets compensated for what was lost internally.

What has happened in EMU since then follows directly from this. The EMU partners are under enormous pressure to reduce wages in order to limit their foreign debt. This in turn results in weak demand in the European single market, which prevents France and Italy in particular from combating their still high unemployment. The only remedy that could be used against this—again for purely logical reasons—namely higher public debt—is prohibited in EMU.

The Germans no longer like at present the common monetary policy, which has to react to the deflationary processes in the EMU partner countries.

ECONOMY EU The German saver, and with him the German savings banks and German insurers, are no longer satisfied because there is no one left who can achieve the interest rates that are so readily collected in Germany without having to go into debt and initiate growth through productive investment at home. Germany is currently paying a heavy price for having always relied solely on foreign countries running up debts. For in the meantime, German production structures have become so skewed in the direction of foreign trade that the whole country is shaken when the willingness of foreigners to take on debt dries up. It was not foreseeable that this would happen so suddenly and comprehensively in the Corona crisis. It has been obvious, however, for a good 15 years that Germany's strategy has been wrong and highly risky.

But it is precisely this story, which is absolutely central to understanding the euro crisis and the ten years thereafter that has been made a taboo in Germany. Of course, this taboo is also the source of the complete ignorance of the constitutional judges. Can they be blamed for this? I doubt it. The court reflects the reality of German life, from the farmers' round table in Lower Bavaria to the crab fishermen on the North Sea, who cannot be accused of only being able to absorb and process what politicians, in conjunction with the major media, make the subject of discussion.

The German government put pressure on German wages through a variety of measures, thereby increasing the competitiveness of German companies. This is exactly what you cannot do in a monetary union.

The ignorance of the Karlsruhe judgment is due to the refusal of politicians and the German public to talk about this German thorn in European flesh. Neither the Social Democrats (SPD) nor the Greens have clearly turned away from their agenda policy. The Federal President, who plays the big European in every Sunday speech, has never said that he (as the chancellor's main adviser and minister), together with his then Chancellor Gerhard Schröder, is ultimately responsible for what is happening now. Angela Merkel and her ilk have always been glad that the former Red (Social Democrat)–Green coalition did a 'job' that her party would never have dared to do and that it could not have pushed through. The center Christian Democrat/Christian Social Union and the liberal Free Democrat (FDP) have also made it their program to remain silent on the German case.

#### Monetarism Does Not Exist Any More

In view of such mistakes, it is almost superfluous to state that the original mistakes of the Maastricht construction have not yet been rectified, and are not even being discussed. Maastricht was built on monetarism. But monetarism is a fiction—the fiction that there is a money supply that is controlled by an independent and purely technocratically managed central bank in such a way that the desired inflation rate is ultimately achieved. That is the dream of many economists of neutral money.

## The EMU partners are under enormous pressure to reduce wages in order to limit their foreign debt. This in turn results in weak demand in the European single market.

This dream has nothing, absolutely nothing to do with reality. However, because at the beginning of the 1990s, when the Maastricht Treaty came into being, people firmly believed in this fiction, a separation of monetary and economic policy was written into the Treaty, which is completely alien to life. It was precisely this dream that led Germany to insist that monetary policy could operate completely detached from the real world—and it is precisely for this reason that the central bank should not pursue any objective other than price stability, but that everyone else should adapt to the central bank's requirements. This was exactly the opposite of the proportionality that the Constitutional Court is now demanding.

Constitutional judges do not need to know all this. They do need, however, to get themselves properly informed. No one would trust a structural engineer to inspect a bridge unless he was up to date with the latest technology. If new technical know-how has been gained between the construction of the bridge and its inspection, he has to take it into account. He cannot defend himself against errors in the inspection by arguing that he has carried out inspections based on the state of knowledge thirty years ago. Monetarism has been put on ice by all the world's major central banks because money supply management cannot be implemented. Central banks make economic policy via interest rates, what else? Weighing up the effects of this policy on the economy as a whole is therefore a matter of course, and the courts request to examine the issue of proportionality is therefore completely inappropriate.

ECONOMY EU Whether central banks that simply make economic policy should be independent is a matter of long debate. In any case, the technocratic arguments for independence put forward by monetarism are completely invalid. However, if, despite overcoming the monetarist fiction, independence is chosen, as Europe has done, it goes without saying that such an institution should not take advice on proportionality either from national constitutional courts or from national governments and national parliaments.

#### For in the meantime, German production structures have become so skewed in the direction of foreign trade that the whole country is shaken when the willingness of foreigners to take on debt dries up.

Moreover, all central banks are much more closely involved in the practical shaping of economic policy than appears to be the case externally. The ECB is present at meetings of the Eurogroup, including preparatory meetings, at G7, G20 and the other international organizations dealing with financial issues. A central bank that is completely detached from politics and makes lonely decisions in an ivory tower does not exist and never has.

The honest thing to do would be to amend the European Treaties, including the Maastricht Treaty, in order to adapt them to new times and new knowledge. But then Germany would have to bid farewell to the illusions it has cherished for decades. Who would trust this country and its policy to finally be honest with itself?

#### HEINER FLASSBECK

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## What if EU Business Interests Confront EU Values: the Case of Hungary

ASPEN.REVIEW
MAGDOLNA CSATH

ECONOMY EU HUNGARY TAXATION

As long as business profits, maximizing interests at any price, are accepted in the region, and especially in Hungary, the population will not be motivated to protest against issues the EU selects as—in its opinion—important ones.

The different organizations of the EU have been criticizing Hungary for not following EU values. It was, however, never really clearly defined what 'European values' actually mean. It was also never questioned whether it is acceptable from the point of view of European social values, when Western European businesses locate the least value creating assembly activities to the less developed Eastern European countries, for example to Hungary, and pay much lower wages for the same job than in the West, with these practices obviously postponing the economic and social convergence of these countries. Labor law regulations, which are much more business friendly than in the West also have not been questioned. It does not confront European values either when a tremendous amount of subsidies are paid to foreign—mostly German—investors in Hungary. From an economic point of view, this is a competition distorting practice.

ECONOMY EU On the other hand, nationally owned businesses cannot be supported due to EU rules, because it would mean subsidizing them. So why is this the case? It is not market disturbing practice if a German company receives many types of subsidies, but it is if a Hungarian company gets any of them? So all these special opportunities for foreign businesses are in harmony with European values. What are then those practices the EU organizations criticize as being against EU values in Hungary? Let us mention just two of them: migrants and the case of CEU (Central European University).

The EU criticizes Hungary for rejecting participation in any type—voluntary or mandatory—of migrant quota relocation system. If you ask Hungarians, most of them—from the right or left, as well—agree. Hungary actually accepted 44.4 thousand immigrants born in a non-EU-27 country in 2018 (Eurostat May 2020). The country cannot therefore be considered closed to foreigners.

This storm around CEU has not, however, caught the attention of the majority of Hungarians with the exception of a minority of intellectuals. The 'average' Hungarian does not even know about CEU.

The other issue Hungary is strongly criticized for is 'forcing out' CEU from Hungary. This has been an over publicized event. CEU has not left Hungary. It accepts students and runs courses. It is true, however, that the operations have been narrowed down, as since January 2019 CEU is not allowed to offer so-called US-accredited courses. The argument for this is that US-accredited degrees cannot be earned from a school which does not have a campus in the US. This storm around CEU has not, however, caught the attention of the majority of Hungarians with the exception of a minority of intellectuals. The 'average' Hungarian does not even know about CEU, and has plenty of other problems to worry about.

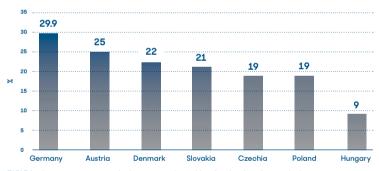
Instead of going into other similar problems the EU blames Hungary for, let us concentrate on a few special issues which have not disturbed those who worry about European values being violated in Hungary. These are those characteristics of Hungarian economic policy which make Hungary a genuine business paradise for Western European businesses even if they may offend social or environmental values.

#### **Economic Policy Principles**

The declared objective of the Hungarian government has been to change Hungary into a highly attractive foreign investment location. All aspects of government policies support this objective: from tax policies, through wage levels, educational system changes, subsidies and environmental regulations. There are also special types of agreements which are open only for large, mostly foreign, businesses. These are called 'strategic agreements' which offer special treatment for them. The content of these agreements are kept secret. But based on every day facts keeping employment, creating quality jobs are probably not among the conditions in exchange for the special treatment. These companies frequently create assembly jobs and if they decide, fire employees. It is also not a condition for receiving special treatment that profits made should be locally reinvested. Therefore the proportion of repatriated profit is also high. Let us look at some relevant statistical data!

- 1) Labor costs are measured in the entire economy, excluding agriculture and public administration in enterprises with 10 or more employees.
- 2) The Eurostat term is: Plant & machine operators & assemblers
- 3) IMD. Institute for Management Development. World Competitiveness Center. Lausanne, Switzerland.
- 4) Total energy consumed for each 1000 US of GDP, 2016
- 5) Source: Hungarian Central Statistical Office.
- 6) Unfortunately, I do not have comparative data for the other V4 countries.
- 7) Eurostat, 2018.

#### Corporate Tax



 $\textbf{TABLE 1:} \ \text{The corporate tax rates in the V4 countries and in a few developed countries in 2020.}$ 

As can be seen, the Hungarian tax rate is by far the lowest: as a matter of fact, with the exception of Montenegro, where the tax rate is also 9%, and Uzbekistan, where it is 7.5% there are no other countries with a similar low rate. (With the exception of typical 'tax havens', like Isle of Man or Jersey).

Very often this tax is not even charged, as there are several ways of receiving tax deductions. The state budget numbers mirror this situation. The proportion of corporate taxes in the 2020 state budget was planned to be only 2.8% of the total state revenue. In the planned 2021 state budget it will be even less: 2.46%. In contrast, personal income tax is planned to be 12.3%,

ECONOMY EU and the consumption tax (VAT)—which is 27%, the highest in the world—is expected to be 18.7% of the budget revenue. This is 31% in all in 2021.

Hourly Labor Costs and Wages

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#### **TABLE 2:** Estimated hourly labor costs, and total wages & salaries (2020). The estimated labor costs are by far the lowest in Hungary compared to those in the other V4 countries.

CZ

SL

ΑU

EU

GE

Labor costs include not only wages and salaries, but also non-wage costs, like social contributions payable by the employer.

Employers' social contribution as a percentage of GDP was 9.8% in the EU27 in 2019. In Hungary it was 6.3%. (The Czech value is 10.5%, the Slovak is 10.4%, the Polish is 5.6%, and the German is 9.5%).

The government has recently announced a further decrease of the social contribution by 2 percentage points from 17.5 to 15.5% starting on 1 July 2020.

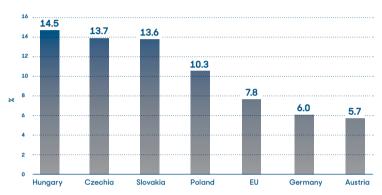
It is worth noting that while the burden of employers will decrease, that of the employees remain 33.5% (15% income tax, 10% pension contribution and an additional 18.5% health and labor market contribution). This means that the net wage is only 66.5% of the gross wage.

The German and Austrian, as well as the EU average numbers demonstrate a large gap between the labor costs and wages in the 'West' and in the 'East' 16 years after the V4 countries joined the EU. The absolute lowest values within the V4 countries are in Hungary.

Figure 3 indicates that low wage earner plant & machine operators and assemblers represent a high proportion of employment in the V4 countries. Once again, the highest proportion is in Hungary. It is worth noting that the typical investors in the V4 countries, such as for example Germany, do not create a large proportion of these types of jobs in their home country. In other

words, they locate their lowest value added, worst paid assembly jobs into other countries. Hungary is leading in accepting and also supporting the establishment of these jobs. The proportion of the state contribution as a percentage of the total investment costs is also very high in Hungary. On top of this, in most cases the investors also do not need to contribute to the infrastructure costs of preparing a location. The government builds so-called 'industrial parks' equipped with all the infrastructure ready for the investors.

#### Job Structure



**TABLE 3:** Plants & machine operators & assemblers, 15 years or over as a percentage of total employment (2019, %). Wages are related to the levels of jobs available. The proportion of people employed in assembly jobs.

#### A Work-Based Society

The education system is also adjusted to the needs of investors. The most frequently mentioned advice to young people is: vocational training is better than a 'weak diploma'.

## Very often this tax is not even charged, as there are several ways of receiving tax deductions. The state budget numbers mirror this situation.

As far as environmental protection and sustainability are concerned, Hungary is the 21<sup>st</sup> among the EU27 countries on the IMD 2019 list in terms of sustainability being a priority in companies. In term of energy intensity, Hungary is 26<sup>th</sup>. This is partially related to the assembly line operations which require a great deal of electricity. For these two indicators, however, the other V4 countries' position is also problematic. The flexibility of the labor law is also very attractive for foreign businesses, as indicated by IMD. The key attractiveness features, from the corporate point of view, in Hungary highlighted by the IMD's latest competitiveness report are the following: competitive tax

ECONOMY EU regime, cost competitiveness, business-friendly environment and effective labor relations.

These characteristics are clearly reflected in the basic government philosophy: Hungary is building a work-based society. These circumstances are obviously ideal for businesses to create profit. They also indicate, however, the problem of improving competitiveness based on knowledge and high social values which are otherwise among the key EU objectives for the entire community. The most favored companies are those operating along the motor vehicles value chains. It is also worth mentioning that the locally created own income of the foreign businesses is also high in Hungary. In 2018 it was 7.5% of the GDP. In 2000 it was only 2.2%.

The education system is also adjusted to the needs of investors. The most frequently mentioned advice to young people is: vocational training is better than a 'weak diploma'.

#### The Objective of the Government is Working

Considering all the statistical data, we can conclude that the objective of the government to turn Hungary into a highly attractive FDI location is working. This is—among other factors—contributing to the high GDP growth which is of course not the best indicator, as it includes the repatriated profit. It seems as if all these arrangements are in perfect harmony with European values, or rather with European business interests. If we also take into account, however, some social indicators, which should also be important from the EU's values point of view, they are less favorable than the GDP growth values. Life expectancy at birth in the poorest NUTS 2 region—Northern Hungary—is 74.4 years.

In 2019, more than 40% of the 30–34 year-olds had completed tertiary education in the EU27. Poland is well above this with 46.6%, Slovakia stands at 40.1. The value in Czechia is 35.1%, in Hungary only 33.4%. It is worth mentioning that in April 2020 the proportion of unemployed with a higher education was only 6%, and for those with the lowest level of education it was 39%.

GDP per capita at PPS was 71.2% of the EU27 average in 2018. Final consumption expenditure of households, as a percentage of EU27 average at PPS was only 64%. (Eurostat). One reason for the difference may

be the repatriated profit which is an element of GDP, but which leaves the country.

# The real question we have to ask now: is it not fair to say that the EU's behavior toward Hungary can be considered rather hypocritical, employing a double standard?

Is it then a surprise that the average Hungarian does not feel like the EU has a well-balanced value system? Is it not understandable that those issues the EU organizations, especially the European Parliament, raises as 'value issues' against Hungary are not perceived by the population as important ones for them? The real question we have to ask now: is it not fair to say that the EU's behavior toward Hungary can be considered rather hypocritical, employing a double standard? It would seem that business interests are more important than facing problems in their actual complexity?

The EU has to understand that the critical points the EU keeps blaming Hungary for are actually counterproductive, as the average citizen, who is typically quite conservative, supports the government on these issues, or does not care about them. As long as business profit, maximizing interests at any price, are accepted in the region, and especially in Hungary, the population will not be motivated to protest against issues the EU selects as—in its opinion—important ones. The EU should change behavior, and use an equal standard in all aspects of life, including better harmonizing values and business interests. This will be the only way to establish a truly strong, successful, European Union with value-based operations.

#### MAGDOLNA CSATH

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ASPEN.REVIEW
PEPIJN BERGSEN

ECONOMY
CORONAVIRUS
FISCAL POLICY

### Uneven Recoveries Support the Case for a More Ambitious Fiscal Policy in Europe

The initial recovery phase after the global financial crisis and the euro zone crisis was marked by a remarkable lack of new policy ideas. There is no need to repeat this experience. The current crisis is an opportunity to put the new policy ideas, that have come out of these debates, into practice.

When the world economy was hit by the COVID-19 pandemic, the euro zone economy had not yet fully recovered from the previous crises. This was in part due to a wrongheaded insistence on fiscal austerity. Over a decade after the global financial crisis in 2008, unemployment rates in most southern euro zone countries remained significantly above their pre-crisis levels. Fiscal consolidation efforts contributed to this slow recovery and with the current economic crisis being certain to lead to a sharp increase in public debt levels, it is vitally important that Europe does not regress into austerity again. Beyond that, the current situation is also an opportunity to look at and implement new economic ideas, particularly when it comes to fiscal policy.

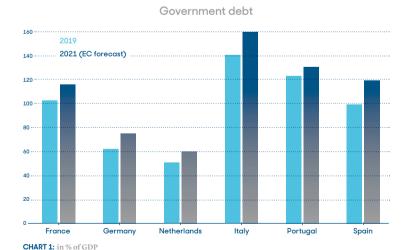
In order to be able to put large parts of their economies into something like hibernation, which was required to enable the lockdowns necessary to fight the virus, governments turned on the fiscal taps. Large-scale furlough schemes, designed to ensure linkages between employers and employees, together with support for businesses through grants and loan guarantees will, together with plummeting tax revenue, lead to unprecedented budget deficits. The different

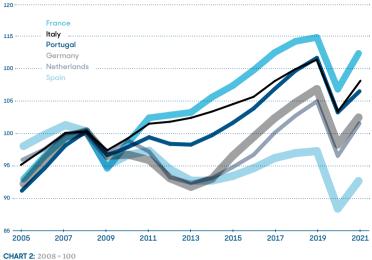
size of various governments' rescue packages already highlights that some countries are better placed to absorb the resulting increase in government debt.

The exact economic impact of the current crisis on different economies remains unknown. In its spring economic forecasts, which should be read with even more caution than normal economic forecast, the International Monetary Fund (IMF) expects the euro zone economy as a whole to contract by 10.2%.

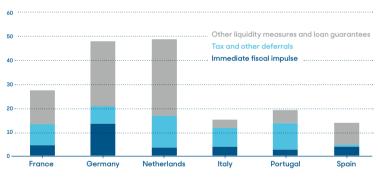
#### **Economic Divergence in Europe**

The exact economic impact of the current crisis on different economies remains unknown. In its spring economic forecasts, which should be read with even more caution than normal economic forecasts due to the uncertainty created by the course of the health crisis and the fact that the economic disruption is unprecedented and thus probably not well captured by any economic models, the International Monetary Fund (IMF) expects the euro zone economy as a whole to contract by 10.2%. By comparison, the global financial crisis in 2009 led to a contraction of 4.5%. The European Commission expects the unemployment rate to increase from 7.5% last year to 9.6% this year and the modest average government budget deficit of 0.6% of GDP last year to increase to 8.5%. Behind these headline numbers, there is significant variation between countries.





#### Different size of policy responses



**CHART 3:** in % of 2019 GDP

Countries such as Germany and the Netherlands went into a crisis with low and falling debt levels due to several years of budget surpluses. Meanwhile, the southern euro member states went into it still running budget deficits and with high debt levels, in the case of Italy at 135% of GDP. These economies are also likely to be harder hit, as they were among the hotspots for the virus in Europe and thus locked down earlier and more severely. On top of that, the latter's reliance on industries such as tourism, which are much less likely to be able to adapt than the industry and business services dominant in many northern economies, means they are likely to suffer economic disruption longer. The IMF expects the German and Dutch economies to contract by 7.8% and 7.7% respectively this year, while it foresees the Italian and Spanish economies contracting by 12.8%. As a result, the Spanish and Italian economies would still be just over 7% smaller in 2021 than in 2019, while output in German and the Netherlands would be only about 3% lower.

The difference in fiscal space to respond to the crisis is visible when looking at the size of the rescue packages. Whereas the German government In 2009, the Chinese government engaged in massive stimulus, which helped to quickly turn around its economy and contributed to a rapid recovery in Germany. A repetition of this scenario is unlikely.

has announced direct fiscal measures worth just over 13% of 2019 GDP, according to the think tank Bruegel, the packages announced by Italy and Spain are both worth only around 3.5% of GDP. This creates the risk of even further divergence in economic fortunes between the northern and southern member states as a result of this crisis.

The €750bn recovery fund agreed by the European Council, including €390bn in subsidies for member states hardest hit by the pandemic, would contain some redistribution and help to limit divergence. But it is too small, its spending spread too thinly across the continent and too slow to avert significant economic divergence within the bloc. For example, Italy can expect a fiscal boost from it of only about 1% of GDP per year in the next two years. While this will be helpful, given the size of the economic contraction, it is highly unlikely to be anywhere near enough to significantly boost the recovery.

#### **After the Immediate Crisis**

Beyond the emergency measures already put in place by governments, there is not much they can do to stimulate demand when economies are still in full or partial lockdown. Economies will not, however, immediately bounce back. Despite the ostensibly successful hibernation, many companies are likely to go or have gone out of business and the true extent of the unemployment caused by the crisis is likely to have been obscured by the furlough schemes. This argues in favour of sustained economic stimulus after the initial phase of the crisis.

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The global nature of the current crisis further strengthens the case for sustained fiscal stimulus in the recovery phase. In 2009, the Chinese government engaged in massive stimulus, which helped to quickly turn around its economy and contributed to a rapid recovery in Germany. A repetition of this scenario is unlikely as China is itself running up against a maximum by which it can reduce domestic debt, which played a large role in the previous Chinese stimulus efforts. Europe will thus not be able to rely on foreign demand for its recovery, as it did during the recovery from the euro zone crisis. This might go some way to explaining why the German government, which quickly retreated from fiscal stimulus during the previous crisis, seems to now be willing to turn on the fiscal taps.

The experience following the previous crisis showed that a premature turn to fiscal consolidation lengthens the recovery, and through that probably makes it harder to achieve headline budget goals in the medium term.

The Commission let go of the fiscal rules for this year, as the rules enable it to do in emergencies, but there is no guarantee that there will not be a return to a singular focus on headline budget numbers. The experience following the previous crisis showed that a premature turn to fiscal consolidation lengthens the recovery, and through that probably makes it harder to achieve headline budget goals in the medium term. Encouragingly, several governments have already suggested that they agree with this analysis, including the previously hawkish Dutch and German finance ministers. The headline deficits generated by the current crisis will undoubtedly lead some commentators, however, to revert to calls for governments to 'tighten their belts'. This would be particularly problematic for the southern economies. European policymakers should be particularly careful with pushing for more austerity as another economic experience, like that of the post-euro crisis era, runs the risk of tipping several electorates, most notably the Italian, towards full-blown Euroscepticism.

#### What to Do

Support from the European Central Bank (ECB) should and probably will remain forthcoming. The ECB has thus far played its role in creating the necessary fiscal space for euro zone governments. Its interventions to support the

financial system have helped avoid the economic crisis turning into a financial crisis. By announcing, and subsequently enlarging, a bond buying program, the so-called Pandemic Emergency Purchase Programme (PEPP) the ECB ensured that countries such as Italy and Spain would not be kept from doing the necessary spending by rising government bond yields. The underlying drivers of the low interest rate environment, including demographic factors and the lack of inflation, will also remain in place, leaving space open for the ECB. There is room for monetary policy to play an enlarged role. It could, for instance, incentivise certain types of investment through dual interest rates. There is only so much it can do though. Europe's monetary policymakers have been calling for years for fiscal authorities to carry more of the burden and this will be even more necessary in the coming years than before the age of corona.

Firstly, it is important that policymakers allow regular automatic stabilizers to do their work and only retreat the special crisis measures gradually. The increase in unemployment should not be met with a decrease in unemployment benefits in the hope that, in times of suppressed demand, this could incentive people to go back to work. Secondly, they should look at traditional stimulus measures, including through increasing investment in areas such as infrastructure and education. Public investment was among the areas on which governments cut back most in the previous crisis, harming the long-run growth potential of their economies.

# Public investment was among the areas on which governments cut back most in the previous crisis, harming the long-run growth potential of their economies.

The European recovery fund will finance some of this, but this will not be enough. Thirdly, policymakers should not let this crisis go to waste and use this opportunity to engage with some of the many ideas lying around that have the potential to not just boost the economy but also diminish the attractiveness of populist alternatives. Populist opposition parties have generally had a bad crisis, with voters rallying around governing parties according to polls across large parts of the continent. There is nothing to say this will last, however, adding even more urgency to the need for new policy solutions, ones that will also help address the discontent driving much of the populist anger.

#### ECONOMY CORONAVIRUS

#### **Exploring New Policy Ideas**

The initial recovery phase after the global financial crisis and the euro zone crisis was marked by a remarkable lack of new policy ideas. Public anger, with the political, economic and financial establishment that oversaw the greatest economic collapse since the Great Depression, found its outlet in protest movements like Occupy Wall Street, the Indignados in Spain and a boost for right-wing populism across the western world. These often turned out to be, however, empty movements when it came to new ideas and a positive vision of where to go. There is no need to repeat this experience. For instance, the work of people like Thomas Piketty has put the spotlight on inequality and has changed the debate around economic and fiscal policy. The current crisis is an opportunity to put the new policy ideas, that have come out of these debates, into practice.

One of the most exciting is to combine the fight against inequality with direct transfers to households, sometimes referred to as helicopter money. This could even be combined with other measures, such as carbon taxes.

Some countries have been experimenting with direct payments to households during the crisis. Most notably, this US government paid \$1200 to households but Spain has also set up a guaranteed minimum income for poorer households. Instituting direct transfers to households or even a universal basic income can be done in several ways. One of the most exciting is to combine the fight against inequality with direct transfers to households, sometimes referred to as helicopter money. This could even be combined with other measures, such as carbon taxes that would be fed back to households as direct transfers, a so-called carbon dividend.

During the previous crisis, it was often funding for local public services that was cut the most. We know that those areas most affected by decreases in service levels due to austerity are more vulnerable to populist movements. Furthermore, the current crisis has shown the value of well-functioning local public services as they have played a large role in containing the virus in those countries most successful at doing so, including through their contributions to testing and tracing schemes.

Governments should not just rethink the spending side though; new forms of taxation should also be considered. Many governments have already announced or are considering temporary cuts in value added taxes. While this is positive from a redistribution perspective, it would be preferable to look at more durable ways of shifting the tax burden onto those more able to carry it. In other words, shifting the burden of taxation further away from the poor to the rich and shifting it away from labor income towards capital income. In other words, it is time to start experimenting with wealth taxes and more efficient corporate taxes.

These measures merely scratch the surface of what is possible and what has been put on the table in recent years. Innovative solutions might also be needed to deal with the large debt stocks resulting from the crisis, including possibly explicit debt monetization. Having seen the power of the state at work in an efficient and effective manner, the current situation provides an ideal opportunity to build political support for a model based on a larger role for the state in Europe in managing aggregate demand. This will be even more important in the countries hardest hit by the crisis and most at risk of drifting away from the European project and good government.

#### **PEPIJN BERGSEN**

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ASPEN.REVIEW YLWIA SIEDLECKA

CULTURE BULGARIA LITERATURE

# Georgi Gospodinov: Creating Meaning and Lenin's Ear

We are currently experiencing a crisis similar to the one related to the depletion of natural resources—a crisis of exhaustion of meaning, wrote Georgi Gospodinov in his collection of essays Invisible Crises (2012). And as an alternative source of language energy, he proposed a sphere that deals with the constant production and renewal of meanings-literature.

Recently, one of the students in my literature class said that when she read Gospodinov, she had the impression that he could very well have been a writer from another European country. She probably touched on something that is characteristic for this artist, amply drawing both on the memory of his childhood spent in a communist country and on the realities of contemporary Bulgaria, but he puts these experiences on a broader plain, 'translating' the local area into the language of universal experience. As one critic once said, Gospodinov is a Bulgarian writer who is also a global writer.

The Bulgarian's books have been translated all over the world, and there are film adaptations based on them: the Oscar-nominated animated films Blind Vaysha (2017) and The Physics of Sorrow (2019) directed by Theodor Ushev. Gospodinov's strategy of chipping into actual and mental divisions, but also of widening the boundaries of literary activity can be seen in his novel The Physics of Sorrow, in which Bulgarian themes expand and merge with the sphere of myth, resulting in a polyphonic, multithreaded story about the Minotaur, which is at the same time a treatise on European melancholy and the labyrinths of language, in which people wander around and cannot communicate.

An inexhaustible trove for Gospodinov's work is his childhood, perceived by the writer as a period of innocence, but also as a huge work of imagination. It is not accidental that the author's books feature a child hero—a little boy. The author himself was born in 1968 and spent his early years in the town of Yambol in south-eastern Bulgaria. Among Bulgarian cultural centers, Yambol is a peripheral city, also known as 'the countryside'. This is what Bulgarians usually call all the places outside Sofia. Yambol is an unusual place, however, in many ways. It is here, at the beginning of the twentieth century, that people and initiatives were born that brought about something new and unique, both for Bulgarian culture and further afield. This is where the Bulgarian painter George Papazoff came from: he later worked and died in Paris, and Kokoschka called him "a surrealist before the surrealists". The city was also the seat of the only futuristic magazine in Bulgaria, *Crescendo*, with a circle of great avant-garde artists-cum-anarchists gathered around it.

Already in his first collection of poems, you can see what he will later reveal in prose: the importance of detail, attention to the everyday world and the equal status of great and small stories.

#### Great and Small Stories are Equal

Gospodinov began with poetry, which he still writes today, alternating it with prose. Already in his first collection of poems, you can see what he will later reveal in prose: the importance of detail, attention to the every-day world and the equal status of great and small stories. The collection entitled *A Cherry Tree of a Certain Nation* is built around two symbols of being Bulgarian. The first is the story of the defeat of the Bulgarian uprising against Ottoman rule, for the eponymous cherry tree is the one from which the Bulgarians—as Ivan Vazov writes in his novel *Under the Yoke*, the cornerstone of Bulgarian national mythology—were to build a cannon to fight against the Ottomans. However, next to the cannon, Gospodinov places a second symbol—a cherry compote, symbolising Bulgarian non-historicity, a world of everyday and ordinary affairs, which, according to the author, is also extremely emblematic for Bulgarians.

CULTURE BULGARIA Gospodinov entered the world of prose not only as an excellent poet, aware of the mechanisms of language, but also as a professional researcher with a doctorate in Bulgarian literature. In the 1990s, together with a group of fellow poets and literary scholars, he created a dynamic group that identified with postmodernism. After the stuffy decades spent behind the Iron Curtain, this trend, imported from the West, was a breath of freedom for Bulgarian humanities and literature of the time. Gospodinov co-wrote two hoax books, playing a postmodernist game with the classics of Bulgarian literature. The author was also interested in the period before 1989 as a source of literary inspiration, as evidenced by the publication *I've Experienced Socialism*, which collects 171 personal stories, and by the *Inventory Book of Socialism* written with Yana Genova, its protagonists being cult objects and artefacts related to the times of socialism, from food products to matchboxes.

Gospodinov entered the world of prose not only as an excellent poet, aware of the mechanisms of language, but also as a professional researcher with a doctorate in Bulgarian literature.

#### All the Anarchy in People's Heads

Natural Novel, Gospodinov's first prose work, has been translated 30 times worldwide, becoming the most frequently translated contemporary Bulgarian novel. The idea of the book is already evident from the title: it is to place in a novel such things that are usually left out from it. This is why the work features toilets, flies, ancient philosophy, personal and eavesdropped stories, the possible beginnings of a novel, that is, all the anarchy that resides in people's heads and is not reflected in literature. In the foreword to the tenth Bulgarian edition of the book, Gospodinov writes that this book would not have been possible in a decade other than the 1990s, this being a time full of contradictions: on the one hand difficult, on the other hand an opening being a time of tearing down walls, political divisions, but also a creative, opening moment for a language that opened up to new possibilities.

I remember that when I first went on a six-month scholarship to Sofia around 2000, the presence of literature in people's lives was visible to the naked eye. I met many people who were professionals: librarians, journalists, teachers, scientists, and at the same time, they were poets—not ama-

teurs, but regularly publishing successive volumes, which I could easily find on display in Sofia bookstores. One of the many street booksellers in Sofia (also a poet, as it later turned out) once invited me to a poetry party. I was prepared for a typical reading with a division into the audience and the protagonists of the evening, but I found myself in a famous music club that was bursting at the seams. Poets read their poetry to live music, and the audience reacted enthusiastically to each verse. One of the poets who read his work was Georgi Gospodinov.

Gospodinov's literary idea is to create a total work of art, reflecting ambiguity, polyphony, but also the fragmentary nature of our perception of the surrounding world.

#### The Power to Restore Life

Gospodinov likes to compare books with Noah's ark or a time capsule, to which the most important things are taken in order to take a journey into the future as a material record, a testimony of your times, intended for future generations. Therefore, all types and genres of literature should be included in the ark/capsule—Gospodinov's literary idea is to create a total work of art, reflecting ambiguity, polyphony, but also the fragmentary nature of our perception of the surrounding world. Pure genres are not an option because, as one of the protagonists of his books says, "the novel is not an Aryan". But one key to choosing things and facts for the time capsule is the word 'impermanence'.

The writer is interested in fragile and ephemeral matter, which usually does not live to see its story being told and there is a threat of oblivion hanging over it. The protagonist of *The Physics of Sorrow*, able to relive the thoughts and past of others, has a highly developed, multiplied ability of empathy. Doesn't the Bulgarian writer sound like a variant of the figure of the tender narrator, i.e. a storyteller who empathizes with his characters, about whom Olga Tokarczuk recently spoke in her Nobel Prize speech? It is worth noting that it was Tokarczuk, with whom Gospodinov is friends, who wrote the blurb to the Polish edition of *The Physics of Sorrow*, describing it as a poignant study of a myth that happens always and everywhere. Gospodinov considers it one of the principles of his writing that he looks at and vindicates what is usually ignored—peripheral stories. Understood in

CULTURE BULGARIA this way, literature can be a space with the power to restore life. According to Gospodinov's logic, more important than the historical records of the five centuries of Ottoman rule in Bulgaria, about which knowledge is common, are the little individual stories, cast in the modes of great tales.

For the Bulgarian writer, small stories not only vindicate individual human fates, but also become a way to fill in empty spaces or significant historical silences.

#### Love for the Weaker and Openness to their Stories

One glorification of small stories can be found in Gospodinov's essay about the year 1968. When Warsaw Pact troops were preparing for the invasion of Czechoslovakia, writes the author, his aunt rehearsed a mobile silhouette of Lenin at the National Stadium, to be shown at the socialist youth convention. Since the most talented girls had been selected for the head arrangement, my aunt proudly recalled years later that she had been part of Lenin's ear. In the same essay, Gospodinov also writes about his father, who was afraid to say anything in defence of the Czechoslovaks in 1968, because he had heard that in the case of mobilization all Warszawa cars—and he was the owner of one of them—were to be transformed into small armoured cars and their drivers automatically turned into tankers.

Thus, for the Bulgarian writer, small stories not only vindicate individual human fates, but also become a way to fill in empty spaces or significant historical silences, as the above examples concerning 1968, which, as Gospodinov writes in *The Physics of Sorrow*, never happened in Bulgaria. As part of restoring the language of what did not happen, the author also does not omit 1989, when after the official announcement of the end of communism on 10 November 1989, no one in Bulgaria took to the streets to express their joy—as if they did not believe it, but also feared that in a few days' time, after all, someone might again say that this was not true and punish those showing excessive enthusiasm. And here we enter another sphere of Gospodinov's story: the story of insignificance, of which he is an attentive chronicler, is also a story about the insignificance of the Bulgarians themselves, whom the author likes to call the saddest nation in the world, but also one haunted by the feeling that nobody understands it

and nobody knows it. The Bulgarian rebels in the kitchen so that nobody can hear him, said Gospodinov in an interview for *Gazeta Wyborcza* after receiving the ANGELUS Central European Literature Award for *The Physics of Sorrow* in the Polish translation by Magdalena Pytlak.

In 2016, just before the British referendum on Brexit, Gospodinov wrote a text for the Austrian daily *Der Standard* about the European wave of crises: ecological, religious, economic, including the crisis of the story of Europe itself. In Gospodinov's opinion, the increasingly often heard narratives about Europe should not be constrained to the language of politics or economics, as is currently the case when it is argued that a united Europe is no longer as it used to be and has no future. As experts on Europe, the Bulgarian writer names Kafka, Woolf, Chekhov or Mann, authors who give us the necessary lessons on empathy, the most European of all values. According to Gospodinov, love for the weaker and openness to their stories is our task—it is so much harder to hurt or kill someone after listening to his or her stories. "The impossibility of an island" is the title of the text. In the world we live in, no one should be a lonely island anymore, but should feel part of a larger, common land.

#### SYLWIA SIEDLECKA

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**ASPEN.REVIEW** CUNNINGHAM

CULTURE LIBERALISM

## Liberalism **Goes Viral**



Pandemic!: COVID-19 Shakes the World Slavoj Žižek

Polity Press, 136 pp, 2020

Sadly, pandemics are nothing new. In his 1975 book "Discipline and Punish", the French philosopher Michel Foucault used anecdotes from seventeenth cen-

tury French military archives in a lengthy discussion of how local governments reacted to the plague. Step one saw each town cut itself off from the outside world-nobody in, nobody out. Towns were then divided into neighborhoods. Each neighborhood was placed in the charge of an intendant, and each street had a syndic—a guard that made sure nobody left their home. Bread and wine were delivered to special boxes on the doorsteps.

Along with enforcing the quarantine, syndics would visit every house on their street once per day to take a roll call. Each resident was required to show themselves at the window to prove they were still alive. After five or so days of quarantine, the town authorities began decontaminating homes. People were ordered outside—one house at a time. Officials sealed the doors and windows with wax, pumped the house full of 'perfume' and then set the gas alight to disinfect the interior. After that, people returned to their home.

## Daily stress comes not so much from fear of death, but from worrying about the next time they might be able to visit a restaurant or go to the beach.

"The plague is met by order; its function is to sort out every possible confusion, that of the disease, which is transmitted when bodies are mixed together; that of the evil, which is increased when fear and death overcome prohibitions," Foucault writes. "The plague (envisaged as a possibility at least) is the trial in the course of which one may define ideally the exercise of disciplinary power."

Then, as now, success in combating a pandemic was proportional to government's competence, it's ability to maintain social cohesion and the public's willpower. Failure signified the opposite. The French archives called the people whose job it was to deal with the sick 'crows'. They were characterized as "people of little substance who carry the sick, bury the dead, clean and do many vile and abject offices." In the twenty-first century, we call these same people—grocery store clerks, garbage collectors, janitors and truck drivers—'essential workers'. They have the lowest paid jobs but continued to work while the rest of us were locked away at home. Even nurses, the most respected profession in the United States in straight years of Gallup polls and in high demand everywhere, struggle with mediocre if not meager salaries.

"What is wrong with our system that we were caught unprepared by the catastrophe despite scientists warning us about it for years?" Slavoj Žižek wonders in his latest book, "Pandemic!"

#### All Kinds of Social Dissonance

If it was not obvious before, it turns out, quite a lot, and the crisis has exposed all kinds of social dissonance that we were happy to ignore before. While people voluntarily submit to mobile phone surveillance from companies who want to sell them stuff, why won't they share data to benefit public health? Daily stress comes not so much from fear of death, but from worrying about the next time they might be able to visit a restaurant or go to the beach. And

what can we say about a society that prioritizes re-opening pubs over schools? I like beer as much as the next person (probably more), but am plenty willing to drink it on my couch indefinitely if it means my eight-year-old gets to visit with her friends in a classroom.

#### Žižek has long argued that ideological myopia distracts society from addressing its deepest ills. Rather than attack problems at their root, this means we are satisfied with treating the symptoms.

Žižek's slim volume feels a lot like a collection of newspaper columns or a book version of a Zoom call (all the sales royalties go to Médecins Sans Frontières). He riffs on current events in more or less real time, citing Wikipedia, The Daily Mail and The Guardian in footnotes—and responds to many of his philosophical friends' own contemporaneous takes on the coronavirus. In doing so he revisits many of his favored themes (ideology, hypocrisy and his derision for liberalism) and mannerisms (praising pal Julian Assange, references to film and pop culture and the odd venture into bathroom humor). Žižek is not interested in the particular failings by governments in responding to the COVID-19 outbreak. "The point is to reflect on the sad fact that we need a catastrophe to be able to rethink the very basic features of the society in which we live," he writes. He sees COVID-19 as having exposed weaknesses that were already there.

"I know there is enough toilet paper and the rumor is false, but what if some people take this rumor seriously and, in a panic, start to buy excessive reserves of toilet paper, causing an actual shortage?", he writes in a typically Žižekian passage. "It is not even necessary to believe that some others take the rumor seriously—it is enough to presuppose that some others believe there are people who take the rumor seriously—the effect is the same, namely the real lack of toilet paper in the stores." Going one step further he argues that the toilet tissue panic is an attempt to trivialize COVID-19, writing: "Just think how ridiculous is the notion that having enough toilet paper would matter in the midst of a deadly epidemic".

#### In a Crisis We Are All Socialists

Across 11 chapters, plus an introduction and appendix, Žižek reframes familiar social criticisms in the context of the coronavirus. As ever, his primary target is ideology—the systems of ideas that many of us tend to accept as fact,

or what Antonio Gramsci called the "folklore of philosophy." Among Žižek's targets is what he calls "capitalist animism"—the idea that financial markets are some kind of natural phenomenon, even living, breathing entities. "If one reads our big media, the impression one gets is that what we should really worry about are not the thousands who have already died and the many more who will, but the fact that 'markets are panicking,'" he writes.

Žižek points to the absurdity of Donald Trump, a cartoonish incarnation of a capitalist, spending trillions of government dollars "violating all conventional market rules," offering stimulus checks to every American taxpayer in a scheme that comes close to resembling a universal basic income. In July, well after Žižek wrote his book, the conservative UK government announced a £2 billion state funded jobs scheme targeting people under age 25—not exactly the foundation of traditional Tory policies. "As the saying goes: in a crisis we are all Socialists," Žižek writes.

Žižek has long argued that ideological myopia distracts society from addressing its deepest ills. Rather than attack problems at their root, this means we are satisfied with treating the symptoms. "The problem is the same as the journalism dealing with the environmental crisis: the media overemphasize our personal responsibility for the problem, demanding that we pay more attention to recycling and other behavioral issues," he writes. "Such a focus on individual responsibility, necessary as it is to some degree, functions as an ideology the moment it serves to obfuscate the bigger questions of how to change our entire economic and social system."

## A Tension Between Individual Freedom and Objective Mechanisms

As a remedy he insists society move toward what he calls—for shock value—'communism'.

"Not only should the state assume a much more active role, organizing the production of urgently needed things like masks, test kits and respirators, sequestering hotels and other resorts, guaranteeing the minimum of survival of all new unemployed, and so all, doing all of this by abandoning market mechanisms," he writes. "Two other things are clear. The institutional health system will have to rely on the help of local communities for taking care of the weak and old. And, at the opposite end of the scale, some kind of effective international cooperation will have to be organized to pro-

<u>CULTURE</u> LIBERALISM duce and share resources." He does not advocate a return to Soviet style governance, but insists communism is a "name for what is already going on," and that the only alternative to this is a "new barbarism".

In general, Žižek revels in attacking liberal elites and their disproportionate emphasis on individual agency, but he avoids what seems like an obvious line of attack in this book. "There is in liberalism, from its very inception, a tension between individual freedom and objective mechanisms which regulate the behavior of a crowd," he has written elsewhere.

On this Žižek is right. Discussion over this tenuous balance between individual and collective rights goes back many centuries, preoccupying Plato, Aristotle and Immanuel Kant, among others. One of the twentieth century's leading liberal thinkers, Isaiah Berlin, famously differentiated between negative and positive liberty. Others refer to the two concepts as 'freedom from' and 'freedom to'.

In short, individual freedom ends where it starts to impede on other people's freedom. Speed limits on the road restrict my freedom to drive as fast as I want, but we view that as a reasonable trade off that allows others the freedom to cross the street without being hit by a car. While acknowledging that society must strike a balance between positive and negative liberty, when the two collide a liberal like Berlin prioritizes positive liberty—the freedom to do what you want.

In short, individual freedom ends where it starts to impede on other people's freedom. Speed limits on the road restrict my freedom to drive as fast as I want, but we view that as a reasonable trade

#### Authoritarianism Itself is no Coronavirus Cure

The only problem is that positive liberty has come to be synonymous with all liberty. Perhaps an understandable overreaction to the horrors of twentieth century totalitarianism, this strips freedom of meaning. Worse than Gramsci's folklore, it caricatures liberalism and provides political cover to extreme selfishness. Physical attacks on store clerks who have requested customers wear masks, or Brazilian president Jair Bolsonaro's defiant trip to a hot dog stand exemplify such perversions. So did the gun-wielding nut cases who stormed the capitol in my native state of Michigan insisting they had

a God given right to water ski in 8°C weather while the apocalypse was underway. Extreme as these examples are, they are indicative of a social breakdown that predated the coronavirus crisis. As Foucault wrote "the image of the plague stands for all forms of confusion and disorder".

China stopped the spread of COVID-19 using draconian methods, but Russia's inept response proves that authoritarianism is itself no coronavirus cure. Less liberal democracies, like South Korea, succeeded in beating back the pandemic, but so did Denmark and the Czech Republic. At minimum, it is possible to say that the countries that were most successful in coping with COVID-19 saw people collectively sacrifice—either voluntarily or through compulsion—for the common good. In other words, they embraced negative liberty and thus rejected classical liberalism. It is hard to imagine we will not need more of this in the months ahead.

"Not to shake hands and isolate IS today's form of solidarity," Žižek writes.

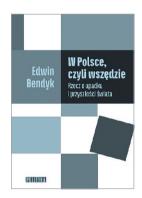
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ASPEN.REVIEW TOMASZ SAWCZUK

CULTURE **CORONAVIRUS** POLAND

# Addressing the Complexity



W Polsce, czyli wszędzie Edwin Bendyk Polityka, 360pp, 2020

Has the COVID-19 pandemic taught us something about the future of the human condition? For sure, "The pandemic has reopened the debate about what is neces-

sary and what is possible," as Bruno Latour, the French philosopher of science, observed in a recent interview. What seems to be even more significant is that two things were made possible by the actions of the coronavirus.

Firstly, the pandemic has given tangible meaning to the abstract claims about the global nature of contemporary civilization. As Latour argued, covid "has shown how quickly something can become global just by going from one mouth to another. That's an incredible demonstration of network theory".

Secondly, the pandemic exposed the political dimension of nature. 1) www.theguardian.com/ Far from being emancipated from nature, humans fell prey to a biological virus. For anyone thinking about the coronavirus, it might be clear by now that the stability of liberal democracy requires the presence of proper conditions, which are not only legal and social, but also ecological. And if nature is manufactured by the multiplicity of agents—humans, viruses and others—and not merely resides in the background in order to sustain cultural progress—the material conditions for life and civilization can no longer be taken as a given.

Edwin Bendyk is one of the most accomplished Polish writers at the intersection of science, technology and politics. His book W Polsce, czyli wszędzie ("In Poland-That Is to Say Everywhere"), devoted to the major contemporary shifts within ecology and politics, is as timely as ever. On the most basic level, Bendyk's argument is plain and simple—we need a Great Transformation in response to a perfect storm of simultaneous fundamental problems emerging within ecology, demography, culture, society and politics. The pandemic is not the ultimate problem, but a warning sign that the existing model of development has outlived its purpose: "the COVID-19 pandemic is a symptom of a crisis and demise of civilization built by humanity since the earlier great pandemic—the Black Death".

With the view of sustaining civilization, humanity needs to use fossil fuel energy in order to develop clean and efficient sources of energy and transform the economy, before the extraction of fossil fuels becomes too costly.

A major crisis was coming either way, since the world had been already approaching the Seneca cliff, or "the moment in which the forces of social and physical enthropy begin to dominate over the human capacity to reproduce the material and cultural foundations of civilization." The situation is serious, but the outcomes are not yet determined. Yet to outline the book's argument would not be an easy task. The author moves across a wide range of topics, concepts and metaphors, in order to discuss matters such as the Anthropocene, economic de-growth, the self, the future of capitalism, or Latour's notion of the New Climatic Regime. Since the narrative of the book is concerned with a number of grand questions, on this occasion, it might be beneficial to limit the discussion to a few selected themes related to the book's provocative title.

world/2020/jun/06/brunolatour-coronavirus-gaiahypothesis-climate-crisis

2) See also: I. Kuisz, The Two Faces of European Disillusionment www.eurozine. com/two-faces-europeandisillusionment/

CULTURE CORONAVIRUS

#### An Inefficient Energy Sector Led to Systemic Economic Failure

The title of the book refers to the beginning of a 1896 play by Alfred Jarry, *Ubu, the King*, which says: "Poland—That Is to Say Nowhere". To the contrary, suggests Bendyk, in some respects Poland's history might give us clues as to the interpretation of contemporary global events. This idea seems to be especially interesting in two respects. Firstly, there's the question of an ecologically sustainable energy transition. Long story short, Bendyk aims to produce a simple theoretical argument which has practical consequences. If the cost of energy production becomes too high, the economy may be brought to a halt, and possibly forever. Such was the problem of the pre-1989 Polish People's Republic (PRL), deeply dependent on coal for its energy production. Due to a lack of reform, the efficiency of Poland's energy sector decreased systematically. As a consequence, ever more energy was needed to even sustain energy production. Bendyk claims that at one point communist Poland had to consume as much as 40 percent of the total energy produced, only to... further produce energy and food.

All in all, the fatally inefficient energy sector led to systemic economic failure, which was one reason for the fall of the communist regime. Bendyk's worry is that, in the absence of proper and timely action with regard to the contemporary green energy transition, a similar process could now be repeated on a global scale. As the era of cheap fossil fuel energy is coming to an end, the author warns, there may be little time, before the rising costs of energy production will threaten the prospects of economic and technological progress. With the view of sustaining civilization, humanity needs to use fossil fuel energy in order to develop clean and efficient sources of energy and transform the economy, before the extraction of fossil fuels becomes too costly, both economically and ecologically. If we are too late, the opportunity for transformation could be gone, because there will be no economically viable sources of energy to fuel the energy transition.

#### **Ubu-Like Figures in the West**

Secondly, there is the question of politics. In the words of Bendyk, Jarry's Ubu was "a perfect model for tyrants and tyrant-like politicians mass-produced in the twentieth century by the sickly imaginations of peoples living on the eastern borders of Europe". At the same time, as he observes, this figure helped shape stereotypes about Central and Eastern European countries, since in-

comprehension of their politics and culture was often explained away by the inherent absurdity of their affairs. It is not surprising that, for many, it might have been surprising when consecutive Ubu-like figures began to emerge in France, the UK, or the USA within the last few years. "It's not possible here?" Yes, it is possible. And it is neither mysterious, nor incomprehensible. On the contrary, Bendyk's point is that it is not enough to criticize and even defeat Ubu, if one will not deal with the conditions behind his emergence and success. And it seems likely that some of these conditions could be discovered everywhere, rather than nowhere.

#### The CEE countries were supposed to simply repeat the developmental path of Western democracies, their success being evaluated on the basis of how well they could emulate the institutions of their Western educators

Bendyk's narrative is a blow to two opposite myths about the place of Poland within European politics and culture. Firstly, it is a blow to the nativist myth, popular on the Polish right, that Poland's history is quite unique, unlike that of any other nation. If Bendyk is right, it is clear that Poland has its share in universal history and shares responsibility for universal history. At the same time, Bendyk's narrative is well-equipped to challenge the opposite viewpoint, namely the post-colonial myth of the idealized West. Closely related to the idea of a deep cultural East/West divide, this myth used to come in handy for protagonists both in Poland and abroad. Looking from Poland, since 1989, the liberal forces of modernization took on a quest to 'catch up with' the West.

#### Pluralist Accounts of Reality Are Needed to Understand Politics

Looking from 'the West', a question has been frequently raised as to whether Poland was actually ready to be a part of the West. In either case, the CEE countries were supposed to simply repeat the developmental path of Western democracies, their success being evaluated on the basis of how well they could emulate the institutions of their Western educators—a mindset which surely provoked and reinforced the nativist political backlash. In contrast, Bendyk's narrative casts doubt on this linear idea of progress within history, since it demonstrates that to understand politics we need more refined, emphatic and pluralist accounts of reality. Although the nativist idea of history

#### CULTURE CORONAVIRUS

is false, the linear-progressive view of history is also false. If civilization has come to a point in which it needs a Great Transformation to merely survive, the previous course of history surely could not encompass a justified predetermined end. If history is not a race towards a predetermined end, new lessons can be learned, new attitudes can be shaped and new relationships can be established.

The idea that contemporary political problems have both local and universal causes is as obvious, as it is understated in public debates. On the one hand, some observers look only at the local. Take Poland's democratic opposition's reaction to the Law and Justice (PiS) party nativist political insurgence. Since 2015, in a purely reactive manner, the democratic opposition in Poland has criticized PiS's assault on rule of law, but has not been all that interested in reflecting on the structural developments in the conditions of political action, which enabled PiS's popularity and success.

#### The State's Escape from Reality into a Sphere of Myths

A widespread mode of thinking, however, would explain 'the populist wave' in terms of universal economic processes, i.e. the rise of inequalities or fatal flaws in capitalism as such. This way of thinking, although not easily dismissed, tends to underappreciate the role of local history in politics, as well as the role of luck. Donald Trump might not have won the US elections if not for the indirect electoral system, Brexit might not have happened if not for the badly managed internal conflict within the Conservative Party, and PiS would not have won the majority in parliament in the 2015 elections if the center-left coalition had reached the electoral threshold, which it missed by a narrow margin. A few details changed and the populist wave would have been no more (at least for a while).

What one needs to do is to address the complexity. According to Bendyk, "one might propose a general directive—to counter global warming, one needs to reduce greenhouse gas emissions. But there is no one way to realize this general directive... because it needs to be optimized in a complex social-economic-technological-political context". On this point, the contemporary illiberal conception of government clearly fails. As Bendyk argues, "The tragedy of the PiS's state consists in the fact that in response to increasing complexity, it takes actions that lead to a radical reduction of that complexity—to the alienation of the state and its escape from reality into

a sphere of myths and fantasy governed by the laws of pataphysics, which is—let us recall Alfred Jarry's definition—'the science of imaginary solutions, which symbolically attributes the properties of objects, described by their virtuality, to their lineaments'".

The idea that contemporary political problems have both local and universal causes is as obvious, as it is understated in public debates. On the one hand, some observers look only at the local.

At times, the complexity of Bendyk's own narrative may seem a bit too challenging. For example, it might be difficult to discern the connection between the problems of the energy sector in the late Polish People's Republic, with the problems of sexuality of the West, which is the topic of one chapter. Bendyk frequently describes himself as 'cogni-voyageur'—and, indeed, on such occasions the narrative resembles more of an intellectual voyage than a disciplined argument. Nevertheless, his new book is an inspiring and thoughtful contribution to the debate about the increasingly interconnected problems of contemporary politics and ecology. In Poland, which is to say everywhere, the interconnection between ecology and politics is something that we may be only beginning to really grasp in its entirety. Better late than never.

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RADKA DENEMARKOVÁ

Nowadays, even scientists propose changing the paradigm of thinking about death and make it a disease to be treated. For them, death is no longer a fundamental component of the human condition.

TOMASZ STAWISZYŃSKI

The pandemic has shown that the way the state responds to these kinds of challenges does not depend on the form of the political system. Some authoritarianisms have coped well with the virus, but others have done very poorly.

**DMITRI TRENIN** 

Today the main story is that there is Western Europe and the rest of the continent should be civilized. We should notice that there is something dignified in our own, Central European past.

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