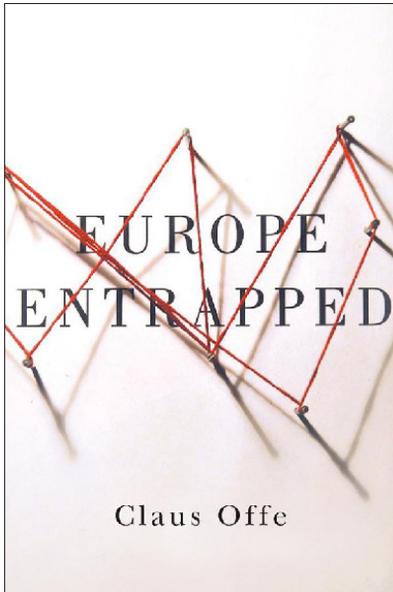


UDC 316.42+338.2(4-672EU)(049.3)  
<https://doi.org/10.22182/spt.1712018.7>

Book review

Serbian Political  
 Thought No. 1/2018,  
 Year X,  
 Vol. 17  
 pp. 119-126

Dejana M. Vukasović<sup>1</sup>  
 Institute for Political Studies, Belgrade



**Claus Offe: *Europe Entrapped*, Cambridge, Polity Press, 2015, 136 p.**

“The European Union finds itself at a crossroads between something considerably better or something much worse than the plainly

unsustainable status quo; in other words, in a continuing crisis”. With these introductory words, Claus Offe, a prominent political sociologist, begins with his analysis of turbulences that the Euro has inflicted on States and societies of the Euro zone and the EU. His book *Europe Entrapped* (Cambridge, Polity Press, 2015) does not have ambition to argue about the economic measures that should be taken in order to overcome the current situation in the process of European integration, or about the overall direction in which this integration should proceed. The central research question raised in this book is the question of agency. The European Union is caught in trap, argues Offe, creating the condition “which is itself painful and unbearable to those caught in it but where, at the same time, movement is incapacitated, escape routes blocked, and forces of liberating agency weak and uncertain” (p. 3). How to overcome this “painful” and “unbearable” situation? Offe’s ambition is to analyse if there are social and political forces, inspiring ideas or sufficiently resourceful actors who might liberate Europeans from the

1) Senior Research Associate  
 dvukcevic@yahoo.fr

trap into which the Euro has led them (p. vii). The answer is rather sober and pessimistic.

The book can be divided into two parts. In the first part, which comprises chapters one to five, the author analyses the origins of the crisis. The first chapter deals with the interaction between democratic states and capitalist market economy. Offe rejects neoliberal standing of “free” markets. According to Offe, markets are “coercively implemented artefacts of political design and decisions, not outcomes of some alleged ‘natural’ evolution or simply ‘normal’ conditions” (p. 7). Markets are not “given” nor do they just “happen” naturally, but they are staged and shaped by state policies. The “fair” market competition, once installed, is far from self-enforcing and self-sustaining, its competitiveness needs to be permanently supervised and controlled (p.10). However, the national regulatory politico-institutional framework is hard to transfer to the EU level. As Offe argues, the EU is not a democratic polity with an elected accountable government and parliamentary budget rights, hence the probability that regulations and programs contrary to business interests will be adopted at the supranational level is significantly reduced (p. 13). The EU common market offers, according to Offe, power to investors and employers, which are seeking to restrict

national market regulation and taxation. Despite the fact that the regulation is not absent at the EU level, the advantage for investors represents the unitary mode of regulation that uniformly applies to all agents across all markets in the EU. Accordingly, the common market is not deregulated, but the regulation is *depoliticized* (p.13). As a consequence, the European integration has weakened the regulation role of the national states and enabled to investors to escape their political control and to move to more agreeable tax and regulatory environments. The market integration that is not followed by the efficient political agency strengths significantly economic participants that have numerous “exit” strategies.

In chapters two and three, Offe analyses the nature of the crisis. According to the author, the crisis started in the private sector and not with states running unsustainable budget deficit and having accumulated excessive debt. Offe enumerates features leading to the crisis that occurred simultaneously with the inauguration of the third and final phase of the economic and monetary union in 1999: cheap money supplied by central banks, reckless risk-taking in lending practices of major banks following the principle of “doing what everyone else does” and engaging in “moral hazard” games, the decline of growth rates

---

in advances economies and “financialization” as a pervasive trend of not just productive activities in the “real” economy but equally in private ones relying on debt finance as opposed to finance through income and revenues from taxes (pp.18-19). What is more, according to Offe, the monetary regime of the Euro is suffering from two major “defects”: it has been created in a highly inhomogeneous economic space, and it represents an institutional deficiency as its policy making capacity is limited in the areas of fiscal, economic and social policies. As a consequence of these two “defects”, the creation of the Eurozone has produced two negative phenomenon in the EU: on the one side, it has institutionalized the fragmentation between “core”/“surplus” countries (Germany, Austria, Finland, Netherlands, Luxembourg) and “periphery”/“deficit” countries in the southern and western (Ireland) peripheries; on the other hand, due to the lack of the democratic legitimacy needed for the making of economic and social policies, the EU cannot legally coerce member states governments to adhere to the debt rules which these governments often violate in order to prevent the social and economic “disasters” that result from greater compliance with austerity rules (pp. 26-27). Offe outlines the phenomenon of “doom loops” that appeared af-

ter the beginning of the crisis as a consequence of the conflict of interests between key actors in the economic sphere. The first one is between private investors and consumers vs. creditors. Banks are unwilling to grant credits and thus become all the more risk-averse. This unwillingness to extend credits deepens the existing economic crisis. The second “doom loop” is between banks and national states. The rescue operation of banks has led to a fiscal crisis that has severely affected national states. Paradoxically, the states now become depend on banks for credits while banks emerge stronger than before (p. 37). Then, the conflict between state and real economy should also be mentioned. It concerns the incapacity of the individual states to solve the problem of their structural disadvantage vis-à-vis markets and capital. The states turn from a tax state into a debt state, which gradually change its spending obligations, with the spending on growth and employment being crowded out by spending on the costs of credit (p. 40). Finally, the conflict between states and citizens is based on the lack of legitimacy and effective supranational crisis policy which leads to reluctance of voters to support supranational initiatives in this domain.

However, despite the above mentioned “defects” of the Euro, Offe considers Euro as an irrevers-

ible arrangement (p.48). According to Offe, the Euro “is a mistake the undoing of which would be an even greater mistake” (p. 55) that would cause “a tsunami of economic as well as political regression” (p. 50). In chapter four, he convincingly presents arguments against the exit from the Eurozone. According to Offe, complexities and risks involved in a return to national currencies are of “an uncontrollable and prohibitive order of magnitude” (p. 48). What is more, none of the participants in the Eurozone has a clear and overwhelming interest in abandoning the Euro. Everybody has benefits from Eurozone. Core countries benefit, directly and indirectly, from the Euro, in several ways (the inflow of cheap capital, the undervalued external exchange rate of the Euro, which enables competitiveness of their exports, the cheap credits that the ECB indiscriminately makes available to all Euro states which enables their budgetary balance). But the Euro represents also an asset to the “periphery” states because it provides them with political power at the European level. As Offe argues, “while players in the ‘Germany’ position often take the paternalist position of claiming superior knowledge about what is good for those in the ‘Greece’ position, the latter players might well respond by turning the tables and by telling and trying to convince the former

about what is, in a medium-term perspective, good for *them*.” (p. 54).

Having all abovementioned in mind, Offe argues that the neofunctionalist integration theory logic of avoiding negative spillover effects through the quasi spontaneous stepping up of sovereignty transfers and emergent new modes of cooperation does not work in the current banking, Euro, fiscal and economic crisis. The crisis has not produced a process of increased integration, but on the contrary, it accelerated the dynamic of disintegration. As Offe outlines, Member state governments are no longer ready to transfer sovereignty, pool resources and practice cooperation to the extent that appears “functionally” necessary (p. 57). This puts in question the viability of the integration that has been reached so far as well as the desirability of its continuation. However, Offe is not ready to renounce the process of European integration.

In the second part of the book, Offe tackles the question of political agency. Is there some political actors that are capable to lead European Union out of this trap? If yes, who will they be and what measures should they take? From chapters five to nine, Offe is searching for an answer to these questions. He emphasizes that the EU lacks the collective capacity to clearly address the causes and con-

---

sequences of the crisis. In chapter six, Offe enumerates the various goals, aspirations and guiding visions that are potentially driving the integration process. He focuses on the numerous discourses on the EU as a historically unique supranational non-state that supply it with legitimacy and normative validity. However, these narratives about European integration (as a guarantee of international peace, as a promise of economic prosperity and social inclusion, as an institutionalized commitment to protect and promote representative and democratically accountable government and rule of law, as the globally unique scene of diversity of cultures, historical traditions, languages, etc.) are not enough to become a mass phenomenon. According to Offe, the destiny of the EU depends on receiving more loyalty and support from its citizens than it has been able to generate (p.72). The crisis created dividing lines separating EU Member States: the further integration of the EU does not mobilize agency, call for engagement or infuse the notion of “project” based on a widely shared sense of “identity”. All this contribute to the decline of citizens’ support to the further integration of the EU. This is notably emphasized in chapter seven, in which Offe focused on major political forces and ideologies and their connection with the integration project.

The further course of European integration is highly fragmented and divided along the left/right, national/supranational and creditor/debtor axes. These cleavages lead to the pervasive paralysis of agency.

In chapter eight, Offe analyses the role of the Germany as one of the often cited actors that can find a way out from the current paralysis of the EU. However, he rejects this possibility as the exit strategy from the current crisis, not only for historical reasons but also because of the role that German government has played during the crisis. Offe argues that dependency of the states on external effects of German economic policies does not logically imply the desire to comply with policies made by German government. Apart from this, Germany follows a destructive “moral truth of austerity policy” (p. 95) based on discourse that the debtor is morally inferior/guilty because he lacks self-control which is necessary to live within the limits of his means (p. 96). German public discourse, according to Offe, is “upstream” and “nationalist”, i.e. is framed in terms of what or who caused the problem, not in terms of downstream consequences and solutions. In other words, Germany advocates that the causes of one country’s malaise must exclusively be looked for within that country and flawed activity of its political

elite, not in the flawed design of the Euro and/or external shocks (p. 91). This logic of moralizing victim blaming creates “good” vs. “evil” axe with the “us” vs. “them” code of national collectivities as moral agents (p. 97), which turns away attention from the institutional and systemic causes of the crisis and contributes to the current situation of entrapped EU.

Offe also analyses the role of the EU institutional regime as a possible rescuer of the EU from the trap in which it has been caught. In the ninth chapter, he observes the main EU agents, ECB, European Council, Commission, and European Parliament in terms of principal-agent (PA) relationship. This relationship is, according to Offe, “greatly distorted” (p.112). This is due to the lack of control of the principals over agents. He distinguishes three types of deficient principal-agents arrangements in the EU institutional regime. First, he outlines the case of the European Council, as an expression of deficiency in PA relationship when the agent does not coincide with that of principal. Second, the deficiency also exists in the case of ECB, European Court of justice and European Commission to the extent it “oversees the application of Union law”. In this case, the roles of principals and agents become merged. Hence, these agents are allowed to make decisions without accountability mecha-

nisms. The obvious example in this regard is the unaccountable Troika of the International Monetary Fund with its conditionality regime imposed on debtor states. Finally, there is also deficiency in the case of European Parliament. Although the European Parliament is an agent who is “perfectly accountable to the population in its domain”, he has very limited scope for agency, because he is deprived of “normal” legislative body competences (p.113). Offe highlights the paradox of this situation, stressing that “it is precisely those EU institutions that have the greatest impact on the daily life of people which are the *farthest* removed from democratic accountability” (ECB, European Court of justice, European Commission) (p. 114). These institutions are completely depoliticized, with the domination of discourse of emergency, exceptional situations that demand exceptional *ad hoc* measures based on “surveillance framework”. All this leads to the situation where the EU functions “as a political amplifier of the silent forces of economic power” (p.117).

Is there an exit from this situation? Can we find the way forward? At first glance, Offe’s sober and pessimistic analysis of the current EU crisis may lead to the conclusion that there is no way out from this trap in which the EU has been caught. However, Offe

rejects “the end” of European integration process and believes in irrevocability of this process. In the final chapter, Offe is keen to propose solutions to current situation. He emphasizes two key elements that are vital for the recovery of Europe, namely the idea of solidarity and social justice. Starting from the point that the EU must be politicized, he highlights the necessity of “improving social justice through social security and income redistribution across member states and social classes” (p.122). Why, according to Offe, the idea of social justice might have potential to mobilize a kind of agency capable of carrying out viable responses to crisis? Offe considers that social justice regains ambition of the EU having a “social” dimension already foreseen by the Treaty (art.3.3 TEU and 151 TFEU). The renewing of “social Europe” can be achieved through various measures such as youth guarantees, tax harmonization, progressive taxation, Europeanization of unemployment insurance (pp. 124-126). This social or “positive” integration is needed in order to strengthen the supranational institutions which would then be “sufficiently legitimated to make decision which involve significant redistributive effects” (p. 41). But how such a policy could be created and implemented? Offe finds the answer in the concept of solidarity that should be the basis

of cooperation which will deepen European integration process. Solidarity could be achieved by reframing the common perception of the current crisis. This reframing means for Offe shift away from “causal responsibility” to “remedial responsibility”. According to Offe, while causal responsibility deals with what you have done, remedial responsibility concerns what you can do (p. 106). The latter means that the less an agent has suffered as a consequences of the mistakes made collectively, the greater the share of the burdens the agent must shoulder. Solidarity thus means focusing on remedial responsibility, which should lead to the change of perception among EU citizens, i.e. to the establishment of a collective identity as Europeans.

Overall, the book *Europe Entrapped* strives to answer the question if there is a capacity of institutional mechanisms to reach the political consensus. The main contribution of the book is its focus on the question of deficient political agency. His approach represents a mixture of rational-choice considerations, cultural *rationale* and morality, with the emphasis on the latter. In his political-sociological analysis of agency and future steps of the EU, Offe’s left-oriented normative position is explicitly expressed. His liberalization regime critique is clearly outlined, as well as the negative image of the banks

that are defined as “structural equivalent of hostage takers” (p. 17) possessing “a miraculous second-strike capability” that makes them stronger than before (p. 37). Despite pessimism that surrounds the book, the author sees the light at the end of the tunnel. He urges for more democratization of the EU in a manner that the political will of citizens plays more important role. He stresses the necessity for social integration which will strengthen supranational in-

stitutions in order to efficiently regulate transnational market in accordance to the principle of solidarity. In other words, the agency that could lead EU out of the trap should work in accordance with principle of solidarity and social justice, which will be formulated by supranational institutions and widely accepted by citizens. It remains to be seen if this is sufficient for the EU to exit from the trap in which it has been caught.