

# We are family? governance and the prospects for instability in Europe

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**Abstract** While Europe has faced trials during the financial crisis and subsequent austerity, the European continent is still considered one of the most stable areas on the planet. This article argues, however, that there are overarching trends in Europe which, left unaddressed, will reinforce one another to cause instability. The article applies Arend Lijphart's theory of consociational democracy, or elite accommodation, and Robert Putnam's theory of the two-level game to European integration, using these theories as the lenses through which to view growing roots of instability in the European environment: demographic decline, immigration, populism, and educational and labor shortfalls. These trends are analyzed in terms of their magnitude and persistence as well as their social, economic, and political impacts on the EU member states, highlighting the choices the elite must make in order to successfully navigate those trends and preserve the European project.

**Keywords** Trends in Europe · Consociational democracy · Two-level game · Multi-level governance · Demographic decline · Immigration · Populism · Educational policy · Labor policy · Structural reform

## Unite or perish

Elites have led the way to increased European integration since the end of World War II, after which European leaders sought economic entanglement to avoid another war [1]. The spread of Communism also posed a threat to their fundamental Western values, encouraging them to integrate additional

sectors in order to withstand Eastern encroachment [2, 3]. From the European Coal and Steel Community in 1951 to the Lisbon Treaty in 2007, European heads of state put Europe on the path to increasing unity and solidarity in the face of external threats from the East, but their actions were also intended to join a deeply fragmented European society in order to promote stable democracy [4]. Elites made deliberate efforts to stabilize Europe through accommodation and consensus, actions that can be described using Arend Lijphart's theory of consociational democracy. It is a useful framework for understanding the beginnings of European integration and the changes occurring now [5].<sup>1</sup>

In consociational democracy, political elites pragmatically govern through power-sharing and consensus-building to solve “the puzzle of how a divided society could remain politically stable” [6]. Crucial elements of consociationalism are that elites have “a minimum of agreement on the fundamentals,” a commitment to the preservation and maintenance of the system, and an ability to bridge the gaps between subcultures through accommodation [7]. The success of accommodation depends on a deferential attitude of the populace toward their elites. That is, the elites must be able to compromise with one another without fearing the loss of their fellow citizens' allegiance—and thereby their positions [5, 8].

## A committed relationship

European elites have an intellectual and emotional commitment to the idea of “Europe” that is not necessarily mirrored in their national citizenries. Data gathered by the IntUne Project

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<sup>1</sup> Consociationalism is a controversial theory in political science, and its application to the European Union is particularly contested. While acknowledging the criticisms, that it cannot apply to the EU because it was developed to describe countries with deep social cleavages, etc., I find it useful nevertheless as a *descriptive* framework, not a *deterministic* or *prescriptive* model of European supranational or state behavior.

suggests that “Eurelithism” is “characterized by a stronger attachment to Europe, a stronger support for the process of European integration, and a stronger willingness to transfer substantial elements of national sovereignty to the European level than is found in the general population” [9]. This data also indicates that older elites have a stronger commitment to European integration than do younger ones [9].

The elite commitment to European integration is a self-reinforcing process. The “Europeanness” of elites is most strongly correlated with a high level of commitment among colleagues. According to the analysis conducted by the IntUne Project, while “Europeanness . . . is only weakly anchored in their religious affiliations, political belief systems, and their locus in the social structure [,] [t] he strongest impact . . . comes from significant others, particularly from cues taken from fellow elites in other sectors . . .” [9]. Members of the elite are influenced to be supportive of a united Europe by other elites who are, in turn, influenced to be even more supportive, and so on.

Elite commitment to Europe may be conditional, however. While the peer pressure derived from participation in multi-level governance structures increases the “Europeanness” of elites, an interesting finding of the study is that the perception of the performance of those structures influences elite commitment to them. Trust in European institutions, boosted by perceptions of good performance, increases positive feelings toward further integration and transfer of national powers, such as foreign policy setting, to the EU level [9].

### Power to the people

Counting on the deference of their populations, the elites took many of the steps toward integration without the European peoples’ awareness of their implications [10]. European publics were content to part with their national sovereignty in return for the promised peace and economic prosperity provided by integration. This led to complacency on both sides and a perception that the European project was inexorably headed toward utopia.

Over time, however, as memories of the wars faded and the existential threat of Communism receded from Europe, prosperity was no longer sufficient compensation for deference. The informal cooperative practices that emphasized consensus decisions even when majority voting was available, “allowed peace and prosperity to flourish to such an extent that . . . they ha [d] become a victim of their own success” [11]. European institutions and the European populace had by the beginning of the 21st century evolved to an extent that elite accommodation appeared to be no longer necessary to maintain stable democracy [11].

In addition, over the past few years, the EU has not been able to fulfill the promises of prosperity, and as the Europe 2025 tri-university narrative project points out, “The problem

with a narrative based purely on the aspiration for economic progress, growth, and wealth is that it is necessarily subjugated in the case of an economic downturn or crisis” [12].

Europeans now express a feeling of distance from the institution of the European Union and an inability to affect its trajectory. While the popular voice was deemphasized in European politics in the early years due to mutual, if subconscious, agreement, the evolution of Europe and the European mind signal the end of the “permissive consensus” [12]. A Eurobarometer poll in Spring 2014 noted that only 31 % of Europeans “tend to trust” the EU. Similarly, only 42 % of Europeans believe their voice counts in the EU. Results broken down by EU member state are even more revealing (see Fig. 1 below) [13]. In 15 of the 28 member states, over 50% of respondents believed their voices did not count in the EU. For those states which have borne the brunt of austerity measures, particularly in southern Europe, the segment believing their voices do not count reaches to 75 %.

The intuitively felt elites-masses gap was also empirically validated by the IntUne Project. The analysis of survey data found that in all populations and across all measured facets of “Europeanness,” elites are more positive toward European integration than the general population [9].

The Europe of 1950 that required elite accommodation has evolved, through that accommodation and subsequent integration, into a Europe that presents different challenges and requires adaptive leadership to address them. Today’s Europe is not conducive to elite accommodation (as described by consociationalism) as a governance scheme, and although Europe is again deeply divided, the divisions are along different lines, threatening new conduits for instability. Divisions of ethnicity, religion, age, gender, socio-economic class, and social philosophy are exacerbated by demographic decline, education and labor shortfalls, ambivalence about immigration, the rise of populism, and disaffection with elites. The remainder of this paper analyzes these trends in terms of their magnitude and persistence as well as their social, economic, and political impacts on the EU member states, highlighting the choices the elite must make in order to successfully navigate those trends and preserve the European project.

### Balance of power

“Demographic change shapes political power like water shapes rock” [14]. Though slow to be discerned, the forces of demographic change—births, deaths, and migration—have incredible inertia, or demographic momentum, once set in motion. Demographic shifts can have profound implications for global and national politics, economic growth, and ethnic, religious, or class conflict. The size, composition, and geographical distribution of various population subgroups in relation to their governments is incredibly important to voting

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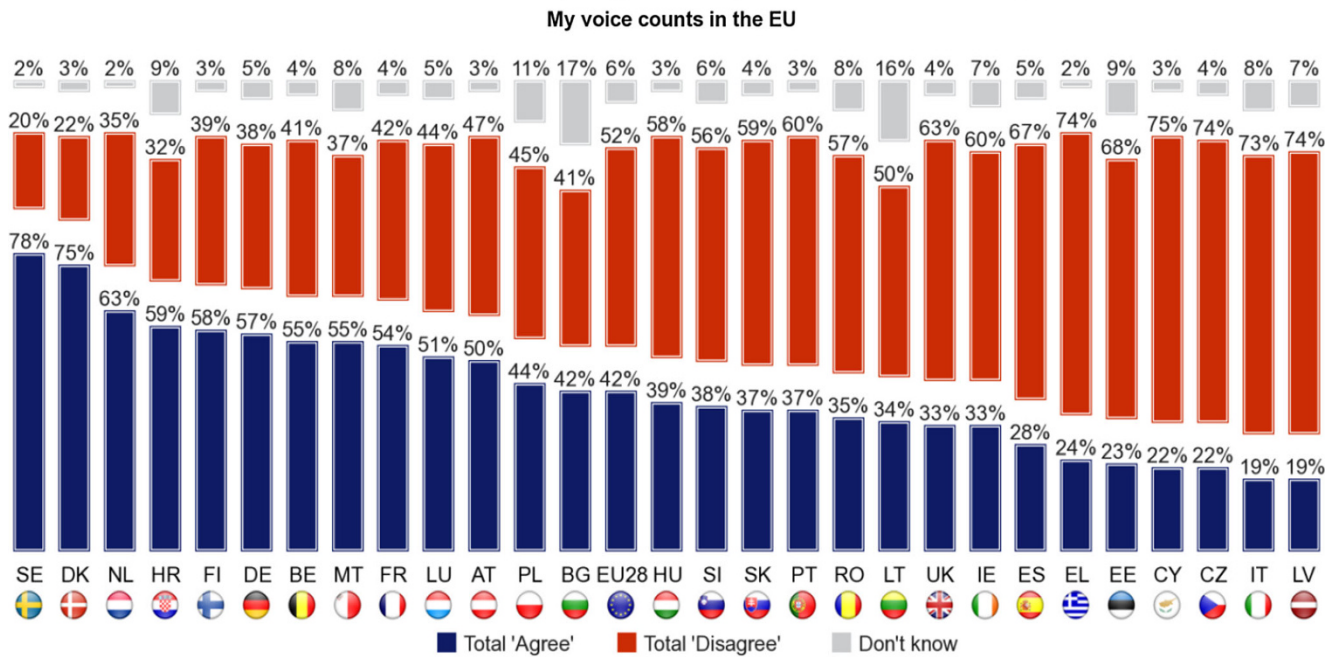


Fig. 1 My Voice Counts in the European Union - National Results (Standard Eurobarometer 81)

patterns and the potential for cooperation or conflict on a sub-national or international level.

When the life expectancy of a population increases (that is, the death rate decreases) and the fertility rate stays below replacement level, over time the number of retirees becomes greater than the number of children entering the population. Without sufficient immigration to offset the fertility shortfall, the number of people leaving the population—through death, but also through emigration—will exceed the number of those entering, meaning the population will grow smaller over time [15].

Demographic decline impacts a nation’s ability to project economic and military power

- European budgets will be squeezed by population aging and increased life expectancy since the pay-as-you-go pension systems will have fewer workers contributing to the support of each pensioner through tax revenue while more people will receive pension payments and the payments will go on for more years than in earlier generations.
- The socialized medical programs in most European nations, where access to healthcare is enshrined in Article 35 of the European Charter of Fundamental Rights, will also face greater expenses for health care and elderly living arrangements [16].
- A large proportion of defense expenditures go to personnel costs such as pensions and benefits, and greater numbers of retirees will leave little for force modernization or force projection. In addition, with sub-replacement fertility, there will be fewer young people to join the military.

What young people there are will be courted by other employers, forcing the military to compete for talent [17]. The German Defense Minister has recognized this issue, launching an “Attraktivitätsoffensive,” or charm offensive, to draw a new generation to the German military through provisions that allow more telework, flexible hours, and extended child care [18].

- In addition, a smaller overall workforce, which is assumed so long as workforce participation rates do not dramatically increase, can equal slower economic growth. Slower economic growth reinforces the budget pressures on the government and the military.

**All politics are local and increasingly inter-generational**

A nation’s internal distribution of power is also affected by demographics. As urbanization empties rural towns, and immigrants settle in cities for greater access to services and to be near others from their country or ethnic group, voting patterns will change and so will representation in the halls of government.

Not only will representation change in terms of rural versus urban and native versus immigrant constituencies, but the “pensioner” vote will overshadow other voting blocs. Data from the UN indicate the elderly (65 and over) will form 41 % of the adult (20 and over) population in Italy by 2050, 38 % in Germany, 33 % in France, and 32 % in the UK [19]. While scholars can only speculate as to how the greater proportion of

older adults in a society will affect the overall culture, it is likely that policies will become more conservative, and it is possible that the pensioner vote will result in decisions that favor the current well-being of society over future growth or stability [19]. As demographers Neil Howe and Richard Jackson put it, “Extremely aged societies may...prove to be dysfunctional in some ways...favoring consumption over investment, the past over the future, and the old over the young” [19].

### “Do It for Denmark” and other mitigation strategies

As awareness of demographic decline and its implications has grown in the developed world over the past 30 years, nations and international organizations such as the UN and the World Economic Forum have devoted resources to studying the problem and ways to mitigate its effects. Mitigation strategies take aim at the three components of demography (births, deaths, and migration), offering solutions to increase fertility, reduce pension costs, increase workforce participation into old age, increase immigration, and assimilate immigrants into society.

A Danish company is offering an “ovulation discount” and 3 years of baby supplies for Danes who enjoy romantic vacations in order to conceive and thereby bolster the national fertility rate [20]. While not the only pro-natal strategy in Europe, it is perhaps the most creative. The decline in birth rates is partly attributed to larger numbers of women entering the workforce. As a result, “they have appreciable numbers of children only in countries that enable both parents to reconcile job and family,” according to the Berlin Institute [21]. Countries which have higher relative fertility rates, such as France and Sweden, also have government-subsidized child care and flexible work policies.

While labor market uncertainty brought on by the recession has caused the total fertility rate across the EU to dip even more dramatically, the effect is likely to be short-lived. Research has shown that economic impacts on fertility are generally confined to the few years following a recession, indicating postponement of child-bearing plans. Other than the Great Depression of the 1930s, recession impacts have not been discernible over the long term [22].

Even so, the average fertility rate in the EU is 1.5 children per woman, well below replacement level [21]. This contributes to the population being trimmed at both ends, causing a precipitous drop-off in the working age population of the EU, defined as those between ages 15 and 64, which is forecast to decline by 15 % by 2030 [23].<sup>2</sup> Increased longevity combined with the population bulge of the baby boom after World War II will mean

that the population of those over the age of 80 will grow by 39 % by 2030 and more than double by 2080 (see Fig. 2 below) [24].

### The incredible shrinking workforce

The disappearance of Europe’s workers will be the most insidious threat to European security and stability over the next several decades. Fewer workers will bear a larger burden of social support, such as pensions, healthcare, and nursing home care. EUROSTAT, the EU statistics agency, projects the total age dependency ratio to rise from 51.1 % in 2013, or about two working-age people for every dependent, to 77.9 % in 2080, or about one and a half workers for every dependent [24].<sup>3</sup>

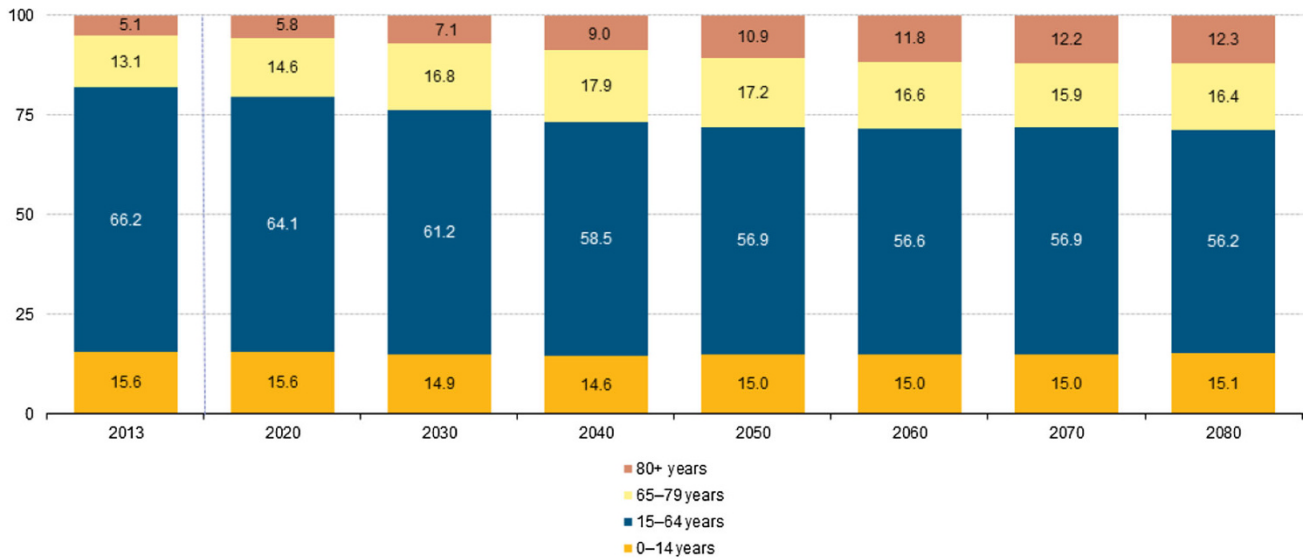
An increased social burden could depress take-home pay and force cuts in other government spending, which can reduce jobs and slow down economic growth overall [25]. Lower GDP growth affects living standards, and it disproportionately affects vulnerable groups such as children and youth, single parents, and the elderly [26]. If governments try to avoid increasing the burden on workers by cutting pensions and social spending on dependent groups, such actions could still increase elder poverty and vulnerability of single-adult households.

Pension system reform is key to the future fiscal stability of the EU. Increasing labor participation rates, particularly for the young and for those over 50, would lower the social burden on the working population. Many countries are considering the possibility of raising the pension age in order to avoid cutting pensions, but countries which rely solely on pension age changes to maintain their programs would have to raise the pension age to 70+ years by 2050. Rather, policies that raise labor participation rates by one to two percentage points by 2050 could avoid 1 year of increase in the pension age [27]. Considering the aforementioned strength of the pensioner vote, it is likely that policies will be explored that avoid cutting pensions and avoid dipping into healthcare funds.

Increasing labor participation, employability, and productivity are key points in the EU’s Social Investment Package [28]. While the package encourages Member States to implement a number of recommendations, adoption of specific policies is still up to the individual countries. Encouraging and enabling more people to enter and stay in the workforce longer must be approached from numerous angles, such as ensuring educational standards, discouraging early school leaving, addressing discrimination, providing childcare, adopting flexible work arrangements for parents, and offering part-time and job-sharing options for older workers [29] (see Fig. 3 below).

<sup>2</sup> The UN estimates the decline to be 19 % by 2050, although Goldstone puts it closer to 25-33 % by 2050 (see reference 23).

<sup>3</sup> The total age dependency ratio compares dependents, the number of children under the age of 15 plus the number of people over the age of 64, to the number of workers between those ages.



(<sup>1</sup>) 2020–80: projections (EUROPOP2013).  
 Source: Eurostat (online data codes: demo\_pjangroup and proj\_13npsms)

**Fig. 2** Population structure by major age groups, EU-28, 2013–80 (% of total population) (Eurostat Population Structure and Aging) [24]

### Out of school and Out of work

Recession, austerity, and youth unemployment can exacerbate low labor participation rates. Long-term unemployment, especially for younger workers, can have lasting effects such as erosion of skills, permanent detachment from the labor force, and distancing from society in general, particularly if they are unmarried and childless. Not only will this depress economic growth over a longer term and increase inequality, but it can lead to societal unrest [25].

Many studies refer to a lost generation in Europe where young people aged 15 to 24 who are not in employment, education, or training (NEETs) make up 13 % of the population [30]. These young people face a high risk of

marginalization, as evidence from previous crises shows that unemployment early in one’s career can have lasting effects on career prospects and salaries. One of the largest groups of unemployed youth are early school-leavers (ESLs). European Commission data shows that 54.8 % of ESLs are unemployed, double the overall youth unemployment rate in Europe [23].

This problem is highlighted in Spain where 25 % of its young people are ESLs, the highest rate in the EU [31]. Many high school students in the 1990s left school before graduation to make easy money in the bloated construction sector. There, they often received no further training or skill development, and when the housing bubble burst, thousands of young adults were out of work with no

**Fig. 3** Population and Sex by Age Group and Working Status, EU-27, 2010 and 2030 (Eurostat Population Structure and Aging) [24]



Source: Eurostat (online data codes: proj\_10c, ifsa\_ergan, ifsa\_ergaed, ifsa\_pgaed) and DG EMPL computations

transferable skills. These people have less chance of finding another job with every passing month, and after 2 years, they are half as likely to find a job as at the beginning of their unemployment [32].

Due to shortfalls in educational investment over time, Europe faces the specter of long-term structural unemployment due to skills mismatch and brain drain from countries which have been hit the hardest economically. The need for human capital investment, such as formal education, vocational training and apprenticeships, lifelong learning, and early childhood education, has been captured in EU strategies such as Europe 2020 and the Social Investment Package, but political attention has been focused on addressing the crisis through reductions in expenditures, rather than investment in future growth [25].

The Organization for Economic Cooperation and Development's 2014 Employment Outlook encourages countries to focus greater energy and investment on job creation and stimulus in order to bring people back to work [33]. Many companies, however, find that they must look outside of Europe for people with the right skills to fill vacancies. Not enough Europeans are trained in science, engineering, technology, and math (STEM) disciplines, while the jobs in hospitality, tourism, and even the social sciences are becoming harder to find. Since demand for labor has shifted from previously robust sectors to new, or newly relevant, sectors, the unemployed must first be retrained before they can compete for open positions, further delaying recovery.

### Immigrants: needed but not wanted

Both internal migration and exogenous immigration could provide needed supplements to the working-age population in many EU member states, particularly in highly technical sectors and in manual labor.

The right to move and reside freely throughout the European Union is one of the fundamental rights of its citizens, and Europeans rate the free movement of people, goods, and services as the most positive result of the formation of the EU [13]. Internal labor mobility can increase the efficiency of the market when surpluses of skills and gaps in skills availability approach equilibrium.

Brain drain through internal migration, however, can further handicap countries already struggling to grow. Highly educated young adults from southern tier countries such as Spain, Italy, and Greece have left their homelands for work in Germany, the Netherlands, or the UK. Dr. Reiner Klingholz, the director of the Berlin Institute for Population and Development, described the migrants from Southern Europe to Germany as generally more qualified than the domestic population [34]. When the southern

economies return to solvency, they will lack the skilled workers and professionals they need to take their countries into the next age of innovation and technology.

The more visible aspect of internal migration is movement from poorer countries in the east or the south to the richer countries in the west and north. This came dramatically into the public eye as the EU approached the January 1, 2014 lifting of restrictions on citizens of Romania and Bulgaria. Though EU members since 2007, Romanians and Bulgarians were restricted in their access to work in the rest of the community. For months prior to January 1, politicians across Europe called for greater restrictions on "poverty immigrants" and "benefit tourists", believing them to be responsible for high unemployment, high taxes, an increase in crime, and an overall feeling that the native way of life is threatened [35].

In reality, though, fewer Bulgarians and Romanians moved for employment after January 1 than anticipated. Data in the UK, for instance, showed that numbers were lower in the first quarter of 2014 than they had been in the last quarter of 2013, while year-on-year numbers showed an increase of 28,000 workers over the previous year, still a small percentage of the UK population [36]. The Association of German Cities remonstrated the German Christian Social Union in particular for inflating the gravity of the issue, pointing out that there had only been a few problems in parts of some major cities, and that over 50 % of the new migrants come with good education.

Exogenous immigration, particularly illegal immigration and asylum seeking, has grown tremendously over the last few years. In 2013, the European border agency FRONTEX detected 107,000 illegal border crossings, a quarter of which were Syrians [37]. In the first 8 months of 2014, 119,839 people entered illegally through Italy alone, according to the Italian Interior Ministry [38].

The waves of refugees and illegal immigrants fleeing upheaval in Africa and the Middle East have set the security of EU borders and health of EU economies against the human rights of refugees. According to the Dublin Regulation, asylum-seekers must remain in the country of entry into the EU until their application has been processed [39]. Of course, the main points of entry are the Mediterranean countries of Greece, Italy, and Spain which are also the hardest hit by the economic crisis and the least capable of either policing their territory or accommodating and processing the thousands of people arriving on their coasts.

The largest long-term challenge with immigration, whatever its source, is integration. Citizens in European countries often fear that immigrants will take their jobs, that immigrants from Muslim countries will alter the European or national culture, and that immigrants will drain social benefits without paying into the system,

particularly as they are assumed to have much higher fertility rates than natives [40].<sup>4</sup>

Poorly educated immigrants tend to pass their disadvantages on to their children, making education a key area of integration. School performance levels of second-generation immigrant children lag far behind those of children without an immigrant background, and children with at least one immigrant parent are more likely to leave school early [21, 42]. Studies have shown that early childhood education may be key to closing the gap.

Integration is also critical in maintaining the economic advantage of attracting highly-qualified immigrants. Due to the openness of Europe's borders, immigrants with sought-after qualifications will be drawn to other countries or return to their native countries if they are not offered more than just jobs. Citizenship acquisition for the workers and their families, as well as other benefits such as language instruction and educational assistance, become important incentives to retain talent [21].

Immigration alone, however, cannot reverse the European aging and labor problems. While immigration can alleviate some labor shortages, reversal of population aging and decline in Europe would require massive inflows of migrants from outside of the EU at "unprecedented...and unsustainable levels" [41]. Some estimates say that it would take immigration levels of over 4 million people per year to offset Europe's population decline [43].

### Europe's pied pipers - the growing influence of populists

Immigrant integration, or lack thereof, is also one of the platforms of the populist parties rising around Europe. Not only do many Europeans believe immigrants to be an economic burden on their economies, but they find them to be a challenge to their cultures [44]. As Oxford University demographer David Coleman writes, "Differences in expectations and values have challenged the receiving societies' politics, constitutions, schools, and community relations, especially when the robust traditional values of the newcomers encounter a weakened sense of identity on the part of the Europeans" [45].

Factions within several EU nations are advocating quotas on immigrants and even suspension of the Schengen Agreement. These voices gained ground when Switzerland voted in

February 2014 to limit the number of immigrants it will accept from the EU. European leaders, including former European Commission President Jose Manuel Barroso, were quick to defend the principle of free movement throughout the community, but the euro-sceptic, or populist, parties that had been gaining strength in many EU countries took the Swiss vote as a sign that their message would resonate with voters [35].

Results from the May 2014 European Parliament elections show that the populists were effective in their campaigns against the EU, the euro, and immigration. France's Front National and England's UK Independence Party (UKIP) won nearly a quarter of the vote in their elections. In Austria, Denmark, Sweden, and Hungary other far-right parties also did well, including the Greek xenophobic and neo-Nazi Golden Dawn Party which won seats in the European Parliament for the first time.

Euroscepticism is not the sole domain of the right, however. In Finland, for instance, the centrists tend to be most Eurosceptic, but elsewhere the anti-EU Left is seeing great gains. In Greece, the leftist Syriza rode a wave of anti-austerity sentiment to victory, and its leader Alexis Tsipras is using his star power to promote his kindred spirits in Spain. The Podemos party was established in Spain in January 2014, and by the time of the European Parliament elections in May, it was popular enough to garner 8 % of the vote. Although its leader, politics professor Pablo Iglesias, disavows the "leftist" descriptor, saying the struggle is between the above and below, Podemos's party platform includes instituting the 35-hour work week, lowering the retirement age to 60, and preventing profitable companies from firing workers [46].<sup>5</sup>

While these parties, collectively referred to as "populist", vary widely in their ideologies and platforms, they generally appeal to the growing distrust many Europeans have for government in general, and the EU institutions in particular.<sup>6</sup> Since the economic crisis began in 2008 and the EU imposed austerity measures to bring national debts back in line with EU rules, many Europeans are not enjoying the fruits of integration that they were promised by their national leaders. For many in the southern tier, and for those with less education and fewer advantages, life is decidedly more difficult than it ever was before their nations joined the EU and the euro.

It is easy for the rabble-rousing parties to prey on discontent, fear, and lack of understanding of the complicated EU processes to turn people against the EU as a whole, their national leaders, and against anyone who is different and who may be seen as taking part of the pie to which they

<sup>4</sup> In truth, immigrants from outside of the EU do often have higher fertility rates than European natives, but immigrants only account for a small fraction of the overall population. Immigrant fertility also steeply declines in the second generation as the community acculturates [41]. These cultural differences in fertility are largely due to the varying points in the Demographic Transition Model occupied by the sending country and the receiving country, although religious norms do account for some of the social differences not encompassed by the model.

<sup>5</sup> All of these policies, of course, would exacerbate the issues of demographic decline and labor shortfalls, as discussed in the previous sections.

<sup>6</sup> A working definition of populism describes adherents as militantly anti-elite, glorifying the "common people," and xenophobic, that is, afraid of the "other," not necessarily racist or anti-immigrant, although those are common attributes [47].

believe they should have exclusive rights. These voters are generally not committed supporters of a populist party, but they make up the majority of the parties' electoral support. Research has shown that the profile of these voters changes from country to country, but the overall commonality, more than age, gender, or unemployment, is a lower level of education [47]. Early-school leavers, also one of the largest portions of unemployed youth in Europe, may be especially receptive to populist messaging [23], and the lack of investment in education across Europe is directly contributing to the electoral prospects of populists.

The populist parties gaining ground in Europe are by varying degrees violent, anti-Semitic, Islamophobic, xenophobic, sexist, anti-democratic, extremist, and racist. At the least, the parties participating in the European Parliament will be disruptive, but at worst, their presence will be detrimental to the unity of effort European leaders will need to address the growing challenges the continent faces over the next thirty to 50 years. Though minorities in the European Parliament, these parties will claim to bring the voices of the populace into the halls of the elite, challenging the legislative and administrative processes that have purportedly strayed so far from the original European promise.

### The multi-level conundrum

Those bureaucratic processes and the bevy of staff necessary to support them have become targets of anti-EU rhetoric, but they are only part of the game. European leadership play multi-level games: at the EU level between EU institutions and member states, among political parties at the EU Parliament level, between member states, and at the national level between member state leadership and their constituencies.

Understanding these games and the complexity entailed in such multi-level governance is key to the elites' ability to recast the mechanism of EU integration and cooperation from consociational democracy to a model that can respond to modern demands for participation in government. Political scientist Robert Putnam's 1988 article proposed a theory of two-level games in international negotiations [48]. In his theory, a leader in international negotiations sits at two game boards simultaneously. His actions on one board (international) directly affect his options on the other (domestic). In order to succeed in both games, he must make an agreement at the international level that can be ratified at the domestic level. Any agreement, therefore, must fall within the set of outcomes acceptable to the domestic constituency; this is called the win-set [48].

The rise in popular disaffection with the EU elites and the success of populist parties who are co-opting that sentiment to draw political discourse further from the center toward the right and left extremes decrease the sizes of the win-sets for

leaders at the member state and EU levels. It is this point that democratic EU leaders must address if they are to successfully compete at each game board. Gone are the days when EU bureaucrats could stay in Brussels and deal only with other legislators and national officials. EU politicians must actively expand their win-sets from the municipal and regional levels, addressing the concerns and engaging the energies of their constituencies.

### A european kairos—a moment of opportunity

Europe's leaders have a limited window, quite possibly as narrow as the next two to 5 years, in which to effect changes in perceptions and processes that will set the trajectory for the coming decades. The trends discussed in this paper—demographic decline, a shrinking and mis-educated workforce, the need for immigration but antipathy toward immigrants, and the toxicity of populist rhetoric—have the potential to coalesce and compound, creating faults in the union that can become unstable with little warning.

Extrapolating current conditions and trends, Europe could be fragmented and fractious in 15 years. The population over the age of 64 will be 31 % larger than it is today while the population under the age of 15 will be 4 % smaller. The workforce participation rates will remain largely unchanged, but the overall drop in the working-age population will affect the total age dependency ratio, squeezing national budgets for social services.

At the same time that money is tight in European capitals, the feeling of peace and relative security will have long evaporated, giving way to a new brinkmanship with Russia, a feeling of economic inadequacy in relation to China, outright hostility from Turkey, and an unseen but constant cloud of threat from extremists of all flavors. With their governments unable to provide either prosperity or security, European publics will become more insular and conservative, rejecting further European integration or calls for intervention in foreign conflicts, as well as hardening anti-immigration positions, even to the point of suspending the Schengen Agreement. Such insulation will further slow economic growth and drive innovation out of the continent.

It could be much worse, however, if euro-sceptic parties gain power in one or more of the larger EU nations. If UKIP gains the majority, it will pull Britain out of the EU, creating trade barriers and eliminating free movement. This will impact the tourism industry, as well as areas such as agriculture which depend on seasonal workers from Poland to bring in crops. If the Front National wins in Paris, it will also attempt to leave the EU, and its isolationist, protectionist, and anti-immigrant policies will stifle economic growth. Without severely curtailing the social compact, the country could face bankruptcy, and if they do reel in social spending, widespread



unrest will undoubtedly result. If Podemos were to pull enough votes away from the Partido Popular (PP) and the Partido Socialista Obrero Espanol (PSOE) to gain power in Spain, its pledge to write off national debt and lower labor participation rates (purportedly to increase employment overall) would lead to EU sanctions, bank runs, and skyrocketing unemployment and emigration. Regardless of national specifics, the EU is likely to fracture, and the continent will revert to isolationist and nationalist enclaves primed for conflict over the social and economic privations they face.

In the best-case scenario, Europe in 15 years is governed by an elite that, having recognized that their emotional attachment to the European project was not shared at the national level, engaged their publics, particularly those who were not normally politically active and who felt left out of the fruits of being European. Europeans of all economic classes participate in policy formation through increased direct representation. Having invested in education and innovation, as well as loosening monetary policy to encourage growth, the European economy has stabilized to the point that governments have been able to implement the structural reforms needed to avoid another crisis. European militaries are tech-savvy and lean, deploying to trouble spots around the world in security and stability operations.

Most people now say they feel more European than they used to, many having taken part in intra-European mobility programs for study and work. Since there are sensible and coordinated work flexibility and childcare programs across the EU, people have begun to have more children, re-entering the workforce afterward. Such flexibility also benefits older workers who stay in the labor force longer, drawing half-pension. EU nations actively recruit educated workers from outside of the EU and provide a support system including language and culture training for their families to assist in integration. All EU nations share the economic and physical burdens of processing illegal immigrants, implementing coordinated integration programs to ensure as many as possible become productive members of their new societies.

These futures are plausible, but they certainly do not contain every possible permutation. What is certain, though, is that while many on both sides of the Atlantic believe Europe to be a mature exporter of security and participant in building global peace and prosperity, leaving current trends unimpeded could again bring conflict to the European continent and make it a consumer of security, stretching the capabilities of allies who are already heavily engaged elsewhere in the world. Europeans have an opportune moment to avoid that outcome, and the key is to address the long-term and complex issues which will determine the shape and substance of the future European society.

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