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Austerity in the European periphery: the Irish experience

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Introduction
Ireland has come to be seen as an exemplary case of the successful practice of austerity, and its experience was in marked contrast with that of the southern European countries with which it had recently been closely linked (Brazys and Hardiman 2015). These outcomes have been attributed to thoroughgoing implementation of the austerity measures required by Ireland’s 2010 loan programme, supported by strong continuity in two successive governments’ policy stance. In addition, Ireland’s experience is taken to indicate that sustained pursuit of fiscal retrenchment need not be politically destabilizing. But these inferences would be somewhat misleading. The real story about fiscal adjustments in Ireland is more problematic, the reasons for recovery are more complex, and the political consequences are a good deal more nuanced.

These issues cannot be fully understood without taking account of the wider European context of crisis. Many elements of this story are shared with the other countries in the Eurozone periphery that have been at the epicentre of the crisis, that is, Spain, Portugal, and Greece. The terms of adjustment were harsher in the periphery than they might have been, had a balanced EU-wide macroeconomic policy mix been in place. The severity of the recession varied across the periphery; we see variation both in the impact of austerity measures and in the prospects for recovery. Ireland does indeed show more signs of recovery than the others. But in Ireland as elsewhere, the political consequences of austerity have been far-reaching. Across Europe, the politics of austerity has put representative government under growing pressure.

Austerity in the European periphery
The experience of crisis in the European periphery, including Ireland, cannot be understood independently of the broader political and economic governance of the Eurozone. In this chapter, we set out a contrasting yett complementary analysis to that of Ó Riain (chapter X). The ‘Varieties of Capitalism’ would indeed put Ireland in a different category from Spain, Portugal, and Greece. But we suggest that the dynamics of core and periphery within European Monetary Union (EMU) gave rise to similar experiences of austerity, and that this has altered the political systems of these four countries in very similar ways.

Uneven European institutional capacity to respond to the crisis
The institutional framework governing Economic and Monetary Union (EMU) constrained the repertoire of policy responses available to national governments and intensified the experience of austerity (Wolff and Sapir 2015). Simon Wren-Lewis, in this volume and elsewhere, draws a useful distinction between ‘ordinary’ fiscal consolidation, and fiscal adjustments that are tantamount to ‘austerity’ policies, and defines austerity as:

fiscal consolidation that leads to a significant increase in involuntary unemployment, or perhaps more formally but less colloquially as leading to a noticeably more negative output gap (Wren-Lewis 2015).

So why did Ireland, along with the rest of the European periphery, have to experience higher unemployment and a ‘more negative output gap’ than would have been required by the need to address the fiscal deficit? The story can be traced back to the perverse incentives for the countries of the periphery that followed from EMU. After 2000, they could avail of interest rates well below their historic averages. Growth potential made them attractive destinations for lending that was unconstrained by any
central financial risk assessment. The surge of capital into both public and private sector borrowing contributed to driving inflation upward, yet governments could not raise interest rates to combat this, and were politically constrained in their capacity to control the consequences through fiscal policy alone (Dellepiane and Hardiman 2010). When the crisis struck in 2008, these economies were very exposed to the risks of a ‘sudden stop’ of financial flows (Merler and Pisani-Ferry 2012; Dellepiane-Avellaneda et al. forthcoming). The collapse of economic activity and plummeting revenues pushed Ireland and Spain into serious fiscal difficulties, intensified the public spending problems of the Greek state, and stalled the already low growth performance of the Portuguese economy. The fiscal crisis of the Eurozone was a consequence of the collapse of the banking system, and not itself a primary cause of crisis (Baldwin and Giavazzi 2015).

The ‘unfinished architecture’ of the Eurozone (Schmidt 2010) resulted in slow and protracted series of attempts to generate sufficient consent, institutional capacity, and financial reserves to deal appropriately with the situation. The European authorities struggled to respond adequately to the banking sector crisis and its fallout for governments’ borrowing capabilities. After Greece, Ireland and then Portugal ceased to be able to borrow on international markets, and the permanent European Financial Stability Mechanism was only put in place in October 2012. An EU framework for resolution of failing banks was not agreed until 2014.

At the same time, the widespread yet misleading diagnosis of the Eurozone crisis as one of fiscal irresponsibility generated a new commitment at official level to control fiscal deficit and debt levels more firmly. From the outset, the Euro had been a very lightly governed currency, with no scope for fiscal transfers to member states in response to an asymmetrical shock, no overall lender of last resort to prevent bank system collapse, and (in principle) no possibility of bailout in the event of excessive debt liabilities resulting in a state being cut off from international markets. The intention had been to enforce member states’ conformity to broad targets of inflation, deficit, and debt levels, through active manipulation of fiscal policy at national level. Under the foundational legislation governing the Euro, the Commission was already empowered to initiate Excessive Deficit Procedures. The Fiscal Compact entered into force in January 2013. But by that time, the existential crisis of the Euro had abated – not because of the prospect of stricter fiscal rules, but because of the ECB’s market-calming assurances in July 2012 that it would ‘do whatever it takes’ to protect the Eurozone from collapse (De Grauwe and Ji 2013), followed in due course by a programme of monetary expansion or Quantitative Easing (QE).

This then was the context within which the European authorities became committed to strict enforcement of fiscal rules and strict timetables for deficit reduction. These were, in effect, the only continuous policy instruments in existence within the Eurozone, and this was the policy area in which it proved easiest to introduce stronger central controls. The European authorities were therefore committed to enforcing a rapid reduction in fiscal deficits even in the depths of recessionary conditions, and in the absence of effective policy coordination capable of offsetting the adverse macroeconomic consequences.

Once again, the European periphery countries were locked into policy prescriptions set at EU level. The countries worst affected by the crisis could not respond along the lines of past fiscal adjustments, by devaluing their currencies to gain competitive advantage and generate some new growth prospects, and allowing inflation to rise to reduce the real burden of debt (see also the chapters by Wren-Lewis and McHale, this volume). The full force of relative cost adjustment had to be
borne through ‘internal devaluation’, that is, by reducing the living standards within the member states concerned. Pursuing retrenchment proved to be particularly difficult because it was expressed as a ratio, and a shrinking GDP could cause even real gains in fiscal retrenchment to be expressed as deteriorations in the overall deficit targets. Even if some measure of fiscal adjustment were indeed necessary, the absence of counterbalancing growth-promoting policy measures, and the speed with which fiscal retrenchment was required, undoubtedly intensified the experience of austerity (Guajardo et al. 2011; IMF 2012).

Asymmetrical macroeconomic policy mix
The countries that were subject to loan programmes – Greece, Ireland, and Portugal, and Spain in respect of its banking sector – were subject to tight monitoring of their compliance with austerity measures. To varying degrees, they were also subject to additional ‘structural adjustment’ requirements, intended to facilitate new growth, in the expectation that supply-side liberalisation and deregulation was all that stood between these countries and renewed growth. These measures proved most destabilizing to those groups, especially public sector employees and welfare recipients, who were already adversely affected by austerity. There was little evidence to support the expectation of significant growth from reforms such as these in the short or even medium term. Yet there were no other mechanisms in place to generate growth: public investments were constrained by the fiscal constraints these countries were required to observe, and private investments were limited due to the incapacity and unwillingness of banks to engage in new lending.

But not all Eurozone member states were subject to these tight constraints. The ‘core’, northern member states had more fiscal head-room and significantly depressed domestic demand, particularly Germany. If the Eurozone were to be envisaged as a single economic unit, deflation in periphery countries would have warranted inflation levels in Germany and other core economies of well above 2%, in order to produce an aggregate average inflation performance for the Eurozone as a whole of ‘close to but below 2%’, the ECB’s sole target. But German political – and public – opinion was highly resistant to this, and near-deflation persisted in Germany too. German economic performance, ever since reunification in 1990, had been strongly export-led, based on sustained suppression of domestic demand and intensified export orientation. Figure 1 shows the consequences.
Figure 1. Competitiveness index

This depiction of the harmonised competitiveness index based on unit labour costs shows the relationship between productivity and labour costs within each country relative to its own long-term average, over the period between 1995 and 2012. Wage costs are not the only determinant of competitiveness, and the significant deterioration in the relative performance of the periphery countries after 2000 was driven primarily by the negative interest rates on borrowing that obtained after entry to EMU. What is significant about Figure 1 nonetheless is its reminder that the performance of individual European economies cannot be considered in isolation. Cost repression in Germany meant domestic wages were not rising in response to improved productivity. The surpluses generated, instead of contributing to additional demand across the European economy as a whole, were channelled into savings. These savings fuelled the capital flows that further destabilised the periphery economies.

The sudden collapse of domestic living standards in the periphery after 2008 was also an unnecessarily painful experience, seen in a wider European context. In an integrated economy, dearth of demand in one region can be offset by its increase in another, facilitated by their common currency. But Figure 2 shows the highly asymmetrical adjustment required of the Eurozone periphery in the absence of increased economic activity in the core.

Source: European Central Bank
The current account balance in the periphery deteriorated significantly, firstly in response to the flow of capital from the core to the periphery during the 2000s, and then in the depths of the crisis itself. The change in 2009 reflected the collapse of domestic demand in the periphery, which is apparent from the flat line apparent in the core as a whole, and the positive improvement in Germany’s performance, due in part to its greater trade diversification, particularly to China. More generally, indeed, it could be noted that EMU gave Germany an added boost in pursuing its advantages in high-technology, high value-added production, while there were very few incentives or facilities to stimulate the southern European periphery to break out of its traditional niches of low-end production and a concentration of activity in non-tradable sectors of the economy. The consumption boom and the unproductive housing boom in the periphery during the 2000s, associated with unrestrained lending from the core, had further reinforced these perverse asymmetries.

IMF research showed that the effects of fiscal retrenchment within the Eurozone member states after 2009 had cumulative effects that spread across borders, and that the multiplier effect of austerity was a good deal higher than anticipated in some of the worst-affected cases (IMF 2012). And yet the European Commission’s own new Macroeconomic Scoreboard, intended to track dimensions of potentially destabilizing economic performance that had hitherto attracted little attention, explicitly permitted a bigger maximum current account surplus (+6%, which Germany consistently exceeded since 2012 anyway) relative to the largest permissible deficit (a threshold of -4%).

Variations in adjustment
The experience of austerity in the European periphery cannot be understood without understanding its relationship to what was happening in the core. At the same time, there was a good deal of variation in austerity across the periphery countries.
themselves. The economic impact of the measures taken depended on a number of factors including the fiscal starting conditions of each country, the configuration of its welfare provisions, the administrative and implementation capacity of the system, and the recovery capacity of the economy.

The fiscal effort each achieved was considerable. As Figure 3 shows, Greece – the poorest of the four Eurozone periphery countries and the one with the biggest problems of political and administrative capacity – implemented the most far-reaching change in fiscal balance between 2009 and 2012.

Figure 3. Scale of fiscal retrenchment, 2009-2012

The preferred adjustment strategy supported by the official lenders favoured spending cuts over tax increases. Cuts in public spending may be considered more tolerable through the lens of prioritizing deficit reduction and limiting damage to output potential. But there are disproportionate distributional effects on those who depend on public transfers and public services. Among the consequences was a sharp increase in unemployment. Figure 4 shows how dramatically this increased after 2008 from relatively low levels during the years of steady growth that preceded the crash.
In Ireland and Spain, some of the increase is attributable to the shock caused by the initial collapse of the construction sector. But prolonged recessionary conditions, the freeze in bank lending despite extensive recapitalisation, and the burden of private debt on households and on non-financial firms alike, resulted in a sustained period of stagnation across most of the periphery. Youth unemployment typically ran at about twice the average rate in the overall economy; in Spain and in Greece, there is little exaggeration in speaking of a ‘lost generation’ of youth with restricted employment prospects, limited access to welfare supports, and few prospects of independent living.

In Ireland, the aggregate significance of the measures taken by the Fianna Fáil-Green coalition between 2008 and 2010, then the Fine Gael-Labour coalition from 2011 onwards, is contested. But as Whelan (this volume) shows, the income losses affected all income groups, but economic stress was most pronounced at the bottom, particularly for those dropping into the lowest 10% as a result of job losses.

Ireland’s recovery began to become apparent during 2013 and 2014, with an increase in recorded GDP and an expansion in the value of goods and services as a proportion of GDP. This was more than just a feature of the way corporate profits were declared by the FDI sector in order to minimise their tax liabilities under Ireland’s internationally low corporate tax regime (FitzGerald 2013; Henigan 2014). Unemployment began to fall as more jobs were created. These indicators led some commentators to believe that the recovery came about as a consequence of austerity policies. This interpretation is fully in line with the European Commission’s own diagnosis of the most effective pathway to recovery in the Eurozone. The conditions for a return to economic growth, it is argued, require cutting wage costs to improve competitiveness, which in turn will stimulate the demand for exported goods and services – that is, a replication of the German model of export-driven growth through wage and other cost repression (see Wren-Lewis, Allen, and Mercille, in this volume).
But the inference that austerity caused recovery is not well grounded in the Irish case – if anything, it could be argued that recovery came about in spite of austerity. It is true, as Figure 1 shows, that Irish competitiveness based on unit labour costs showed some relative improvement during the recession. But the conditions behind this are more complex than the story of a beneficial ‘internal deflation’ might suggest. Firstly, the relative improvement in competitiveness began in 2007, before the implementation of any austerity measures, with the stalling of the housing boom and the end of the long spell of diverting investments into unproductive assets. Aggregate productivity data improved because of rising unemployment in the relatively low-skilled, low-value-added construction sector.

Secondly, a reduction in the wage rate in the private sector should be one of the principal mechanisms behind better export performance, but this did not happen in Ireland. The exporting sector is highly concentrated in the foreign-owned, high-tech sectors that includes production in information and communications technology and in pharmaceuticals, and internationally traded sectors such as software design, insurance, and other financial services. The principal domestic exporting sectors are agriculture and food products. These sectors did not suffer relative losses in cost competitiveness during the boom, neither did they generally experience pay cuts during the recession (Breathnach 2010; Regan 2015). Employees who experienced pay cuts were mostly in the public sector or in construction, all of them non-traded sectors. The rate of investment in Ireland on the part of foreign multinationals increased during the period of recession but the upturn is mainly attributable to mobile US capital made available by QE, incentivised by the continuities in Irish FDI policy rather than by austerity (Brazys and Regan 2015).

Thirdly, it is true that Ireland’s real effective exchange rate improved in parallel with the implementation of austerity measures, as Figure 5 shows.

Figure 5. Real effective exchange rates
Nonetheless, the most convincing explanation does not support the conventional austerity argument that better export performance followed from a combination of private sector wage-cutting and public sector cost-cutting. Rather, Ireland’s export performance is strongly connected to the fate of the British and US economies. The relative weakness of the Euro made Irish exports more competitive without internal price adjustments. Furthermore, while labour costs in the exporting sectors remained stable or increased in Ireland, they increased more rapidly among its trading partners (O’Farrell 2015). Since they had control over their own monetary and fiscal policies, they were not tied into the sluggish performance of the Eurozone economies, so domestic demand in these economies was also more buoyant.

**Political effects of austerity**

The economic crisis exposed new tensions between the need for unified European-level policy responses, and national economic needs that were very diverse. What then were the implications for domestic politics? In the early stages of the crisis, it seemed that left-right politics would continue as usual, with the right benefiting from hopes for stability, and the left resurgent in response to demands for redistribution (Lindvall 2014). The earliest elections held during the crisis resulted in changes of government in which the established opposition party or parties benefited. Those held responsible for implementing unwelcome austerity were punished electorally, whether in a shift from left to right (as in Spain and Portugal) or from centre-right to centre-left (as in Ireland). There seemed to be ‘no general ideological shift in response to the Great Recession’ (Bartels and Bermeo 2014, p.12).

But over the years, established political parties have come under increased pressure. A new kind of politics began to emerge in the European periphery that involved direct mobilisation of disaffected groups, especially young people excluded from the labour market, reflecting a more generalised dissatisfaction with the available policy solutions (Coelho et al. 2016). In Spain, this took the form of the party system fragmentation, as challenger parties Podemos on the left and Ciudadanos on the right took issue with the mainstream parties’ perceived corruption and inability to offer an alternative to austerity (Coelho et al. 2016). The issue of Catalan independence further divided the parties from each other, so that even after two elections in 2016, Spain was left with a protracted period with limited prospects of stable government formation. Portugal had no new ‘anti-politics’ challenger party, but the outgoing centre-right coalition of Social Democrats and Christian Democrats lost its majority in 2015 to a leftward surge in support not just for the mainstream opposition Socialists, but in particular for the smaller, far-left parties that had been excluded from government formation until now. As in Spain, no stable majority government could be formed, and the Socialists had to resort to building *ad hoc* coalitions to support policy, one issue at a time. The most dramatic collapse of the party system took place in Greece. The challenger party SYRIZA came from the radical left; it benefited from the all-but-complete collapse in 2012 of the mainstream Social Democratic PASOK and the discrediting of its main rival New Democracy – and from the frustrations of Greek voters with the hardships mandated by the terms of Greece’s loan agreements.

So what were the political consequences of austerity in Ireland in this comparative perspective? In broad terms, the trends in Ireland were very similar to those in the other periphery countries. The party system had already suffered a shock after the 2011 general election: the precipitous electoral collapse of Fianna Fáil, from its former long-held role as dominant party to a mere 17% of the total vote, is
analogous to the implosion of PASOK. Fine Gael and Labour had gained a large bounce from this – but the years of austerity led to their being severely punished at the polls in February 2016. Even though a Fine Gael-led minority government was eventually formed, that party now had only 25% of the vote share, a fall of 11 points. The electorate’s punishment of Labour was even more dramatic. From a vote share of 20% in 2011, it now fell to under 7%, and its seat share dropped below 5%. The outcome of the February 2016 election was the most fragmented Dáil ever, and the longest ever government formation period (Little 2016). One of the most dramatic outcomes though was the emergence of a sizeable number of independent deputies, and small leftist alliances, accounting for 20% of voters’ first preferences. These fragmented challenger parties and candidates in Ireland mobilised much of their support through campaigns of opposition to some of the more contentious taxes and charges introduced during the years of austerity. A profile of party system fragmentation, and the fragmentation of opinion, was in evidence in Ireland as elsewhere.

But perhaps the most dramatic outcome of the election was the shift in the balance of power between the larger parties. The formerly disgraced Fianna Fáil party made a strong comeback (though less convincing than they had hoped), winning 44 seats to their earlier 21. Sinn Féin posed a challenger-party appeal to Labour voters who felt most aggrieved at austerity measures: it displaced Labour as the third largest party for the first time. But Sinn Féin also posed a potentially more serious longer-term threat to Fianna Fáil’s attempts at electoral recovery, because it cultivated a similar kind of populist, cross-class appeal, albeit from a more left-leaning starting-point.

The prospects of forming a stable government were deeply uncertain: Ireland now entered the same uncharted waters as Portugal and Spain. Political divisions in Spain centred on left and right, political corruption, and Catalan independence; in Portugal, the issues were also about left and right, and also between centre-left and far left. In Ireland, the main party divide still ran along the lines of the historic nationalist divisions, but is now complicated by the programmatically very diverse group of independents and ‘others’. The logic of numbers suggested that two of the three largest parties would have to form a coalition, but as in Spain, each had excluded the possibility of coalescing with either of the other two. The minority government formed by Fine Gael was heralded as a form of ‘new politics’, requiring ongoing external support of the government by Fianna Fáil. But the stability and durability of this arrangement was uncertain in a system designed for strong executive government, weak opposition, and a limited role for the legislature. Ireland was not Spain, in that it had succeeded in forming a government eventually. But Ireland was no Denmark either, which had a long tradition of minority government formation supported by a balanced executive and legislature (Müller and Strøm 2000).

These outcomes can only be understood in the context of initial electoral revulsion at the effects of the crisis, followed by widespread electoral revolt at the terms of the programme of austerity. Political dissent, in Hirschman’s formulation, can take the form of exit, voice, or loyalty. Overt ‘voice’ was uncommon in Irish politics (Naughton 2015; Pappas and O’Malley 2014). ‘Exit’ may have contributed to muting open expressions of dissatisfaction, since about 10% of its young population was estimated to have emigrated during the years of austerity (see Gilmartin in this volume). But this is not the whole story. Ireland certainly had grievances aplenty, mobilisers to act on them, and the opportunity to be heard (Kriesi 2014). After all, the trade union movement had organised large-scale and well-supported street
demonstrations in the early phases of the crisis, in protest at direct public sector pay cuts, transfer payments, and reduced spending on social services (see Hourigan in this volume). But to forestall continued clashes, they were willing to enter into negotiations with both of the governments that had held power; the ensuing agreements converted ‘voice’ into a grudging acquiescence, if not actual ‘loyalty’.

The later waves of protest, organised by radical left organisations, mostly appealed to those sections of the electorate that did not feel represented by the trade unions – whether because they were unemployed, or because they perceived the unions’ actions and the Labour Party’s concerns to be more beneficial to public sector than to private sector employees.

The political effects of austerity on Irish politics were therefore in many ways quite similar to those seen in the other periphery countries. But there was one striking point of difference. Unlike the rest of the Eurozone, the Irish economy in 2014 and 2015 showed signs of renewed growth. Protest vote intentions were strongest during the worst of the recession; an improvement in economic performance took some of the heat from the politics of opposition (Louwerse 2015).

However, the recovery was experienced unevenly. The exporting sector bounced back, and many domestic firms proved quite resilient; but investment, especially in public infrastructure, housing, and services, starved by austerity, remains low. Many people continue to be angry about the terms of bank recapitalisation in 2010. Yet bank lending remained highly constrained. The sizeable small and medium enterprise (SME) sector continued to suffer from large debt overhang, and over 1,000 businesses closed during 2015. Ireland’s dysfunctional housing market developed many new problems (see Lyons in this volume). Social services were inadequate, health services were in chaos. The capacity of the fragmented leftists to convert dissatisfaction into protest, protest into votes, and votes into seats, let alone seats into bargaining capacity in government formation, was as yet untested. Meanwhile, a fragmented and potentially unstable party system was a striking political legacy of austerity.

Conclusion
Ireland’s experiences of austerity cannot be fully understood without recognizing that Ireland, along with the other periphery states in the Eurozone, is embedded in a broader European political economy, and that the economic fortunes of the periphery are not independent of what happens elsewhere. Ireland’s budgetary policy continued to be shaped by newly tightened European fiscal rules. Ireland began to escape the pervasive stagnation of the southern periphery because its productive activities were more closely integrated into the Anglo-European economy. Nonetheless, its recovery depended on the congruence of favourable conditions whose continuation were beyond the control of national government, such as the appreciation of the dollar and sterling relative to the Euro, low interest rates on still very high sovereign debt and private debt, low oil prices, and stability in the wider international economy, including China. The destabilizing implications of Brexit on economic performance were particularly feared in Ireland.

Across Europe, established party systems have come under pressure in ways that make existing forms of representative government more difficult. The economic crisis certainly intensified these trends. But these trends also had deeper secular roots in the slow decay of party identification among voters (Marsh 2006; Dalton 2000). Established parties were losing support, and the beneficiaries were new, challenger parties avowing a form of anti-politics, offering a new way of organizing, and
promising a new set of priorities. Austerity brought citizens’ trust in established political parties to a low-point in most European countries, lower even than their trust in their national governments. The reason appears simple – increasingly, voters seemed to believe that it matters little for whom they vote, since the policies of the mainstream parties seemed all too similar. Hence the appeal of parties offering an alternative approach to politics.

The economic crisis may therefore have exposed something more fundamental about European politics, which is that political representation and accountability to voters is increasingly at odds with governments’ responsibilities toward actors outside the national territory: this is Peter Mair’s analysis (Mair 2014, 2013). Governments incur obligations to comply with EU treaties and rules, but the legitimacy of the EU itself depends heavily on good economic performance. If the EU can offer no hope of a better future, Euroscepticism and even far-right nationalism can flourish at the domestic level (Scharpf 2014). Governments are also obliged to anticipate the responses of international financial markets to their policy choices. Together, these constraints mean that no single government has the capacity to adopt a heterodox policy stance, a lesson that Greece learned to its great cost in 2015 (Dellepiane and Hardiman 2012; Dellepiane-Avellaneda and Hardiman 2015).

Across Europe, the erosion of old party loyalites, combined with an apparent lack of responsiveness of national parties to voter anxieties about unemployment, stagnating incomes, and debt, contributed to a growing sense that there was little to choose between parties. All of this fed into a wider disenchantment with and cynicism about politics itself. Political organisations that offered a politics of greater responsiveness to popular concerns, whether from the left or the right, began to do well in the polls. The left challenger parties in the periphery were not hostile to the EU or to EMU. But the rise of the extreme right from France to Greece, and the accession to power of the nationalist right in Hungary and Poland – and indeed the terms of the debate about Britain’s referendum on membership of the EU – articulated an alternative view of national interests that would put more member states increasingly at odds with the EU itself. To some, the European democratic project itself was entrapped by the technocratic logic of the market (Offe 2014); ‘Social Europe’, it seemed, had first been eroded by the Single Market and then comprehensively buried by EMU. It remained to be seen whether European countries, and the EU itself, could ‘get the politics right by enabling citizens greater say over decision-making in ways that serve to rebuild trust while counteracting the rise of the extremes’ (Schmidt 2015, p.112).
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