

## The Political Logic of Disintegration: Seven Lessons from the Soviet Collapse

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In 1992 the world woke up to find that the Soviet Union was no longer on the map. One of the world's two superpowers had collapsed without a war, alien invasion or any other catastrophe, with the exception of one rather farcical and unsuccessful coup. And the collapse happened against all expectations that the Soviet empire was too big to fail, too stable to collapse and had survived too much turbulence simply to implode. True, there was strong evidence to suggest that the Soviet system had been in irreversible decline since the 1970s, but this was anticipated to unfold over decades; nothing preordained its collapse as the climax of a 'short 20<sup>th</sup> century'.

In 1985, 1986 and even in 1989, the disintegration of the Soviet Union was as inconceivable to contemporary analysts as the prospect of the European Union's disintegration is to experts today. As late as 1990 a group of outstanding American experts closely connected to the Pentagon were convinced that

it is improbable that by the end of this decade the Soviet Union will be a welfare state on the Scandinavian model and a well-functioning parliamentary democracy. Yet a total breakdown is almost equally unlikely in the near future. Sensationalist scenarios make for exciting reading but...in the real world various stabilizers and retarding factors exist; societies frequently undergo crises, even grave and dangerous crises. They seldom commit suicide.<sup>1</sup>

But what a difference a decade can make! An outcome that was perceived as unthinkable in 1985 was declared inevitable in 1995. The failure of imagination was presented as historical necessity. And it is exactly this twist of fate, this leap from the 'unthinkable' to the 'inevitable' that makes the Soviet disintegration experience a useful reference point in current discussions on the ramifications of the European crisis and the choices that European leaders face.

After all, the EU's present crisis has powerfully demonstrated that the risk of disintegration of the EU is much more than a rhetorical device – a toy monster used by scared politicians to enforce austerity on unhappy voters. It is not only European economies but also European politics that are in turmoil. Europe finds itself squeezed between the impotence of national politics, the democratic deficit of European policies and the growing mistrust of the markets.

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<sup>1</sup> Walter Laqueur (ed.), *Soviet Union 2000: Reform or Revolution*, New York, NY: St. Martin's Press, 1990, p. xi.

The financial crisis has sharply reduced the life expectancy of governments, regardless of their political colour, and opened space for the rise of populist and protest parties. The public mood is best described as a combination of pessimism and anger, as eloquently evoked by poet William Butler Yeats in “The Second Coming”:

*Things fall apart; the centre cannot hold;... /  
The best lack all conviction, while the worst  
Are full of passionate intensity.*

This mood is reflected in recent surveys. For example, the “Future of Europe” survey, funded by the European Commission and published in April 2012,<sup>2</sup> shows that while the majority of Europeans agree that the EU is a good place to live in, their confidence in the economic performance of the Union and its capacity to play a major role in global politics has declined. Even more troubling, almost 90% of Europeans see a big gap between what the public wants and what governments do; only a third of Europeans feel that their vote counts at an EU level, and only 18% of Italians and 15% of Greeks consider that their vote counts even in their own country. And according to the latest Transatlantic Trends poll, 76% of Europeans find their economic system unfair and delivering only to the very few at the top.<sup>3</sup>

In short, the European Union, as we know it, no longer exists. The very foundations on which it was built are eroding. Shared memories of the Second World War have faded away – half the 15- and 16-year-olds in German high schools do not know that Hitler was a dictator, while a third believe that he protected human rights.<sup>4</sup> The collapse of the Soviet Union has stripped away the geopolitical rationale for European unity. The democratic welfare state that was at the heart of the post-war political consensus is under siege by, among other things, sheer demographics. And the prosperity that bolstered the European project’s political legitimacy is vanishing. More than six out of ten Europeans believe that the lives of today’s children will be more difficult than those of people from their own generation.<sup>5</sup>

Against this background, how unthinkable is the EU’s disintegration? Should Europeans make the mistake of taking the Union for granted? Should they assume that the Union would not collapse because it should not collapse? Here, Europe’s capacity to learn from the Soviet precedent could play a crucial part. For the very survival of the EU may depend on its leaders’ ability to manage a similar mix of political, economic and psychological factors that were in play in the process of the Soviet collapse. The game of disintegration is primarily a political one driven much more by the perceptions and misperceptions of the political actors than simply by the constellation of the structural factors – institutional and economic.

At the same time, deciding to compare the current EU crisis with the Soviet collapse does not mean that we accept that the EU is doomed to disintegrate. The intention of this comparison is to kill misplaced illusions and not to fuel apocalyptic fears. It is fair to state the obvious that the European Union is not the Soviet Union. The Soviet order “collapsed like a house of cards”, wrote the eminent historian Martin Malia, “because it had always been a house of

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<sup>2</sup> European Commission, *Future of Europe*, Special Eurobarometer 379, Brussels, April 2012 ([http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_379\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_379_en.pdf)).

<sup>3</sup> *Transatlantic Trends 2012* is an annual survey of US and European public opinion. Polling was conducted by TNS Opinion between June 2 and June 27 2012, in the US, Turkey and Russia (surveyed for the first time) and 12 European Union member states (<http://trends.gmfus.org/transatlantic-trends/>).

<sup>4</sup> Barbara Ellen, “We had that Mr Hitler in history again, Mum...”, *Guardian*, 1 July 2012 (<http://www.guardian.co.uk/commentisfree/2012/jul/01/barbara-ellen-german-kids-nazism>).

<sup>5</sup> European Commission, *Future of Europe* (2012), op. cit.

cards".<sup>6</sup> In its last years the ideological appeal of the regime had long been dead, and its capacity to deliver economic growth had been exhausted. In 1990, among all the consumer goods in the Soviet Union only 11% could be found easily in the shops, the other 89% were consumer goods in shortage.<sup>7</sup> So Soviet order was paralysed by the deadly combination of political stability and economic inefficiency.

The EU is not a house of cards, and the great differences between the Soviet and the EU projects must always be kept in mind if we want to make use of the lessons of the Soviet collapse. While the EU is an unfinished project, the Soviet Union was a flawed project. While the Soviet project was based on terror, the European project was built on consensus. While the majority of Soviet citizens were attracted by the life in the West, Europeans are proud of their way of life and their political model and do not dream 'Chinese dreams'. If the collapse of the Soviet Union was preconditioned on the collapse of the communist ideology, the EU is not suffering a major crisis of its worldview. If Soviet reformers saw the future of the Soviet Union in a looser federation or confederation, the EU's survival is preconditioned on a closer political union. In short, the Soviet Union fell victim to its failures while the EU is threatened by its very success. But while the fundamentally different nature of the European project is a strong argument for why Europe will not go the Soviet way, it is not a sufficient guarantee that its collapse is impossible. For the EU to survive, European leaders should avoid the mistakes that the Soviet leaders made.

The Soviet Union passed into history not because of any conspiracy of the West and not only because of the structural defects of the communist system, but also because of decisions taken and not taken at the time of the crisis. Now reading the memoirs by some of the major protagonists of the disintegration drama, one is left with the feeling that for some of the Soviet leaders, including Mikhail Gorbachev, the collapse of the Soviet Union came as such a surprise that long after the Soviet empire had been dead and buried they were still not ready to believe in its disappearance. Yet it can be observed that Gorbachev's reluctance to introduce direct elections for the Soviet presidency could have been as crucial for the survival of the Soviet Union as the historically low prices of oil on international markets.

What makes the Soviet disintegration experience particularly challenging for the observers of the current European crisis is that in the case of the EU it is even difficult to grasp what 'the collapse of the Union' would mean. In the case of the Soviet Union, collapse meant that a state disappeared from the map and a dozen new states came into being across a vast territory from northern and Central Asia to south-eastern Europe. But the EU is not a state, and even if it collapses nothing would change on the map. Moreover, even if the EU disintegrates, most (if not all) of the member states would remain market democracies and a certain level of cooperation and common institutions would be preserved.

So, how can its disintegration be defined or conceptualised? How can it be distinguished from reform or reconfiguration of the Union? Would the departure of at least one country from the eurozone, or from the Union itself, amount to 'disintegration'? Or would other trends be enough of an indicator: the decline of the EU's global influence or the reversal of some major achievements of European integration (such as the free movement of people or the abolition of institutions like the Court of Justice of the European Union)? Does the emergence of a two-tier EU equal disintegration or is it just a step towards a closer and more perfect union?

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<sup>6</sup> Martin Malia, *The Soviet Tragedy: A History of Socialism in Russia, 1917-1991*, New York, NY: Free Press, 2008.

<sup>7</sup> Egor Gaïdar, *Collapse of an Empire: Lessons for Modern Russia*, Washington, D.C.: Brookings Institution Press, 2007.

In answering these questions, the Soviet experience offers some useful lessons. These are lessons not so much at the level of policies but at the level of the politics of crisis management.

The first lesson is also a paradox: namely, the belief (backed by economists and shared by Europe's political classes) that the Union cannot disintegrate is also one of the major risks of disintegration. The last years of the Soviet Union are the classic manifestation of this dynamic. The perception that disintegration is 'unthinkable' could tempt policy-makers to embrace anti-EU policies or rhetoric for short-term advantage, in the belief that 'nothing really bad can happen' in the long term. The belief that disintegration is a highly unlikely scenario leads policy-makers to underestimate the time factor when it comes to the survival of the Union. 'Too little, too late' is an appealing title for any history of the Soviet collapse. It could be also a title for Europe's unwanted failure. One of the risk factors in the current European crisis is that the democratic nature of the EU member states prescribes that the 'political timing' of the solution is perceived in strictly national terms and is determined by the national electoral cycles, while the markets refuse to follow the political logic of the member states and tend to put a premium risk on Europe's sensitivity to national time tables. At the moment Europe is united by the pressure of the markets and divided by the pressure of the voters. And it is up to the political elites to manage these two pressures.

Moreover, assessment of the disintegration risk should not be left to economists, who have a blind spot when it comes to collapse. In the view of the leading American economist Fred Bergsten, "given how much is at stake, Europe will almost certainly complete the original concept of a comprehensive economic and monetary union".<sup>8</sup> It can be hoped that he is right but the Soviet case suggests that the very high economic costs of disintegration is not a reason that would prevent it from happening. In this sense, believing that the EU cannot disintegrate simply because it would be costly is weak reassurance for the stability of the Union. In times of crisis, 'the logic of politics' as a rule takes precedent over 'the logic of the economists'.

The real challenge of the current crisis is that at a certain moment European leaders could be forced to choose between saving the euro and saving the EU. While it is quite obvious that the breakup of the euro could result in the dismantling of the European project, what is less discussed but not unlikely is that 'saving the euro' could come at the cost of democracy in the countries on the periphery. Such a development could fundamentally change the nature of the European project. While the dictates of virtuous creditor countries to sinful debtor countries look like a solution to many economists, for political analysts they loom as a source of a future crisis.<sup>9</sup>

The second lesson is that the EU's disintegration does not need to be a result of a victory by anti-EU forces over pro-EU forces; the Soviet experience is a potent warning to Europe that collapse can occur and if it happens it would be the unintended consequence of the Union's long-term dysfunctioning (or perceived dysfunctioning), compounded by the elites' misreading of national political dynamics. While at present political leaders tend to be preoccupied with the dynamics of the pro-EU and anti-EU sentiments of the public, and commentators celebrate any national election in which a populist party does not end up in government, the dirty secret is that the cost of neutralising the populist pressure is that many mainstream parties in Europe have started to speak and act as populists. And the fact that in

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<sup>8</sup> C. Fred Bergsten, "Why the Euro Will Survive: Completing the Continent's Half-Built House", *Foreign Affairs*, September/October, 2012.

<sup>9</sup> George Soros, "The Tragedy of the European Union and How to Resolve It", *New York Review of Books*, 27 September 2012.

the current European crisis (unlike the Soviet one) there is not any popular alternative to the EU does not alter the risk of disintegration dynamics. It is true that the great majority of European citizens (with the exception of the British), even when disappointed with the EU do not dream of returning to the time of a Europe of nation states. But the lack of an attractive alternative is not a guarantee against disintegration. Another of the risk factors in the current European crisis is that while the EU does not have an alternative, the populist waves coming from the south and north have different targets and make common politics very difficult. The angry voters in the south oppose the austerity policies advocated by the north, but they are ready to endorse political union because they totally mistrust their national governments and have lost hope in their national democracies. At the same time, the populist movements in the north are supportive of austerity policies but they oppose common political institutions because their trust in their national democracies is much higher than their trust in Brussels. So, it is not so much the rise of anti-European populism, but more the clash between the anti-austerity populism of the south and the anti-Brussels populism of the north that could destroy the Union.

The third lesson of the Soviet Union's demise is that misguided reforms – even more than the lack of reforms – can result in disintegration. It is during crises that politicians search for a 'silver bullet', and quite often it is this bullet that is the cause of death. A central factor in the end of the Soviet system was Mikhail Gorbachev's failure to grasp its nature (by persisting in the illusion that it could be preserved without complete reform, and his misguided belief in its superiority). It was Gorbachev's conviction that the Soviet party-state could survive the loss of its ideological legitimacy and the organisational disintegration of the Communist Party that to a greater extent doomed his efforts to save and reform the Soviet Union. In this context it is curious to reflect on the contrasting ways in which the Soviet and the Chinese leaders read the failures of the communist experiment. While Soviet reformers who came from the ranks of the liberal intelligentsia tended to believe that what was still valuable in socialism were the socialist ideas, Chinese reformers were eager to dismiss socialist ideology while doing their best to keep the organisational power of the Communist Party, realising its usefulness in keeping the country together.

The risk of misguided reforms is also hidden in the temptation of leaders to use the crisis as an opportunity to do what they always wanted to do but what they knew the people would oppose. The federalists' drive for radical solutions is as much the result of the logic of the crisis and the need to complete the project started with the introduction of the common currency as an attempt to seize the moment and to compensate for the absence of popular backing for the idea of a federalist Europe. But the crisis cannot be a substitute for public consent and the failure of the Soviet reforms is the best illustration.

The fourth lesson of the Soviet experience is that the major risk to the political project – in the absence of war or other extreme circumstances – comes not from destabilisation on the periphery but from a revolt at the centre (even if the crisis on the periphery can be infectious). It was Russia's choice to get rid of the union rather than the Baltic republics' ever-present desire to run away from it that determined the fate of the Soviet state.

Today, it is Germany's view of what is happening in the European Union that will more decisively affect the future of the European project than the troubles in the Greek or Spanish economies. When the 'winners' of integration start to view themselves as its major victims, then it is certain that big trouble is imminent. This is why it is critically important to get a correct reading of Germany in order to understand the risks of disintegration. In this respect the parallel between Russia's role in the context of the Soviet collapse and Germany's role in the context of the European crisis is of little help. Russia in the course of the Soviet collapse was a strange actor: it had a legitimate leader – Boris Yeltsin, elected in direct elections – but

Russia was the shadow of the Soviet state. In a way, for Russia to be born the Soviet Union had to die. This is not the case with Germany.

Germany has emerged in this crisis not simply as Europe's uber power but also as synonymous with the Europe that works. Contrary to the media noise, Europeans do not have reasons to doubt Germany's devotion to the EU. What could and should be questioned is Germany's strategy for reordering the EU and the chances of this strategy succeeding. So the answer to the question of whether the EU can survive depends on the answer to the question of whether Germany's strategy of transforming 'Solidarity Europe' into a 'Europe of Rules' will succeed.

Berlin's leadership is also challenged by the way Germany so far has experienced the current crisis. The paradox is that Europe is in crisis and the most powerful European state, Germany (unlike Russia in the context of the Soviet collapse), is not in crisis; moreover, it is the major beneficiary of the European crisis. Its government bonds are refinanced at zero interest rates. Its unemployment has declined to a record low. The crisis has resulted in the inflow of skilled labour from countries like Italy, Spain, Greece and Portugal, thus reducing the demographic fears of the German public. Germany's global standing has increased. Thus, Germany has all the reasons to both fear the crisis and love it. Berlin is not in a hurry to curb the crisis, first because it enjoys it and second because any quick fix will put at risk Germany's efforts to transform the Union.

In a way, this crisis is probably Germany's last hope to create a Europe of Rules. And this is even more important keeping in mind that Germany, like other rich and ageing countries, faces enormous long-term challenges. Its workforce is shrinking, its energy sector needs to be remade, and its infrastructure has gone too long without improvement. In the last decade, net investment in Germany as a share of GDP has been lower than at any time in recorded history, outside the years of the Great Depression. Income inequality in Germany in this last decade has increased twice as rapidly as the OECD average.<sup>10</sup>

It is a common theme in the current debate that the history of Germany's imperial ambitions in Europe could be factor in resistance to Berlin's transformation strategy. What is less discussed is that the nature of the German reform experience could also be a risk factor and hinder efforts to overcome the crisis. In the way that Russia's institutional weakness made disintegration the only viable option for building Russian statehood, it is Germany's reform experience that predetermines Berlin's choices.

Germany's responses to the crisis are usually traced back to its Weimar experience with inflation (explaining its obsession with price stability), the demographic profile of Germany's voters (older and afraid of losing their savings) and the intellectual tradition of German *ordnung* liberalism that puts its trust in independent institutions like the Constitutional Court and Bundesbank.<sup>11</sup> Germany's experiences with reunification (generosity is not enough) and the last decade of reform (structural reforms work) are also usually mentioned when we try to understand what Germany thinks. But the least studied source of Germany's transformation strategy is Germany's reading of the experience of Central and Eastern Europe in the transition period. In our view, Germany's outlook on how Europe can be transformed is very much rooted in the experience of these countries. It was in Central and Eastern Europe where German policy-makers were convinced that one can have painful economic reforms amounting to the dismantling of the welfare state that need not provoke a

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<sup>10</sup> Adam Tooze, "Germany's Unsustainable Growth: Austerity Now, Stagnation Later", *Foreign Affairs*, September/October, 2012.

<sup>11</sup> Ulrike Guérot and Mark Leonard, *The New German Question: How Europe Can Get the Germany it Needs*, ECFR Policy Brief, European Council of Foreign Relations, London, April 2011 ([www.ecfr.eu](http://www.ecfr.eu)).

populist backlash. The Germans were convinced that outside intervention can result not so much in the de-legitimation of the national democratic institutions but in their strengthening. So Germany's reform agenda can be summarised as 'doing in the south what we succeeded to do in the east' – fostering fiscally responsible member states. The Central and Eastern European experience does not explain why Germany wants what it wants, but does explain why Berlin believes that its strategy will work.

Germany has strong arguments to believe that its transformation strategy can work outside Germany and even outside northern Europe. The post-revolutionary recession in most of Central and Eastern Europe was deeper and more painful than that experienced by southern Europe today. The restructuring to be undertaken was much more radical than that expected from Greece or Spain. The institutions in Central and Eastern Europe were weaker than those in the south today. And the risks of political instability and violence were higher.

At the same time, there are a number of factors that make 'transforming the south in the manner of the east' a very risky strategy. The success of the Central and Eastern European transitions to the extent they are a success (with Hungary being a demonstration that this success is not absolute or irreversible) were preconditioned on several factors that are absent in the current context. In the East there was a strong negative consensus with respect to the past, there was optimism about the future and the younger generations were the perceived winners. In the south, the past is something to be preserved, the outlook is pessimistic and youth are the major losers. At the time of the Central and Eastern European transitions, there was a lot of certainty about what should be done and the West was the model most Central and Eastern Europeans were eager to follow, while today the crisis of the EU is part of a bigger crisis of capitalism and liberal democracy, as we know them. The transitions there were accompanied by the emergence of the new elites and people had the sense of victory, which is not the case now.

In short, the hope that southern Europe can be transformed on the model of Central and Eastern Europe could turn out to be the weak spot in Berlin's strategy to reorder the European Union.

The fifth lesson is that if the dynamic of disintegration prevails, the result will look more like a 'bank run' than a populist revolution against the Union. Thus, the most important factor affecting the chances of the Union surviving is the trust of the elites in the capacity of the Union to deal with its problems. In Stephen Kotkin's apt observation on the Soviet case, "it was the central elite, rather than the independence movements of the periphery, that cashiered the Union".<sup>12</sup>

Whereas people can be unhappy about Europe without revolting against it, national elites could abandon it from fear of losing control – and even at the moment they start questioning its prospects, their actions (by inciting general panic among those who fear they will be the last to ask for their money, as in bank runs) can contribute to its eventual collapse. Paradoxically, the EU is an elite project sustained by the European elites' respect for democracy. Today it is also an elite project endangered by the elites' fear of democracy. Unable to bring democracy to the European level owing to the lack of a European demos and frightened by the spectre of anti-European populism at the national level, many European politicians are ready pre-emptively to turn their backs on the Union.

For the first time since the European project was set in motion after 1945, the objectives of 'ever closer union' and 'deeper democracy' are at odds. At present, a political union capable of backing the euro with a common fiscal policy cannot be achieved as long as EU member

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<sup>12</sup> Stephen Kotkin, *Armageddon Averted*, Oxford: Oxford University Press, 2008, p. 107.

states remain fully democratic, for their citizens will not support it. On the other hand, the breakup of the common currency could lead to the breakup of the Union, and there is also a risk of a domestic democratic breakdown in some countries in the east and south, especially Hungary, Romania and Greece. Thus, contrary to the expectations of some democratic theorists, the EU will not collapse because of the 'democratic deficit' of European institutions. Nor will it be saved by the democratic mobilisation of civil society. Rather, it is widespread disillusionment with democracy – the shared belief that national governments are powerless in the face of global markets – that may be the best hope for reconciling the growing tension between the goal of further European integration and the goal of deepening democracy in Europe.

Yet it would be unwise to expect that such 'democratic exhaustion' would be enough to save the European project. For the nature of the disillusionment with democracy differs substantially across the continent, especially between the fiscally sound north (Germany, the Netherlands, Austria and Finland) and the indebted south (Italy, Spain, Greece and Portugal). Disillusionment with politics in societies on the southern periphery may diminish their reluctance to delegate more powers to the European centre, but it will not prevent a political backlash against austerity policies imposed by the north. Moreover, the continuing trust in national democratic institutions on the part of voters in northern European will probably make them unwilling to accept political union. This is why a 'bank run', not on banks but on the very idea of the EU, could be one of the scenarios for the collapse of the Union.

The sixth lesson of the disintegration is that the hope of a small but more functional and optimal union and orderly break-up of the eurozone may itself open the way to disintegration. In this context it is interesting to look at the political logic of the break-up of the rouble zone and how it enlightens our discussion on the possibility and desirability of the break-up of the eurozone. The nature of the Soviet command economy, the low level of sophistication of this economy, the institutional weaknesses of the post-Soviet republics and the fact that the Soviet Union was very much organised not around the idea of the common market but around the cross-border integration of the production lines make any comparison between the current dilemmas of the eurozone and the experience of the break-up of the rouble zone not an easy one. It is fair to admit that if the eurozone breaks up, its disintegration will not bear much resemblance to the process of currency proliferation in the post-Soviet space. Some conclusions are still possible, however.

In his analysis of the break-up of the rouble zone, Patrick Conway has observed that "countries will choose to leave a currency area for three reasons: 1) nationalism, 2) a desire to isolate against monetary shocks originating in the economies of other members and 3) a desire to increase national control over the collection of seigniorage."<sup>13</sup> This same logic is true for the eurozone. In the case of the Soviet collapse, the Baltic republics were the only ones to leave the currency area because of nationalism and it is not by accident that their exit was the least painful one. The others were forced to leave either because of fear of external shocks or for desire of seigniorage, and their exit was much more painful. In the case of exit from the eurozone, nationalism will not be a primary motivation for any of the member countries. So, it is more relevant to look at how the break-up worked in the non-Baltic countries. In the context of this experience, the break-up of the rouble zone warns against the rational expectations of a possibility of benevolent and orderly exit from the common currency. As the historian Harold James has argued, "an exit like this is messy and leads to

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<sup>13</sup> Patrick Conway, "Currency Proliferation: The Monetary Legacy of the Soviet Union", *Essays in International Finance* 197, Princeton University, June 1995.



loss of income and inflation".<sup>14</sup> The other warning is that the survival of monetary union in the case of political disintegration is also unlikely. When in 1991, the presidents of Russia, Belarus and Ukraine decided to put an end to the Soviet Union, they still hoped that they could preserve the common currency while governing independent states, but in just the next two years it became obvious that a common currency could not survive in the situation of high inflation and broken political bonds. Russia's effort to curb hyperinflation and make a transition to a market economy was endangered by the pro-inflation policies of the other republics. So, the logic of market reforms clashed with the desire to keep the rouble zone intact, and the common currency was dead.

So when political commentators today speculate about the feasibility and desirability of a 'northern euro' or a 'southern euro', they should remember that the summit of leaders from Russia, Belarus and Ukraine that marked the end of the Soviet Union was thought to be not a funeral but a birth of a more optimal and functional union among less diverse and more like-minded member states. But what was thought to be a beginning has been remembered as an end, because when the process of disintegration starts it never stops half way. So, it is fair to observe that the pursuit of a more cohesive EU composed of less diverse members could lead to disintegration at a time when both the political elites and the public are unhappy with the present status quo and are simultaneously scared of the collapse of the Union and the prospect of global irrelevance in the future.

The seventh and most disturbing lesson coming out of a study of Soviet collapse is that at times of threats of disintegration political actors should bet on flexibility and constrain their natural urge for rigidity and solutions intended to last (which, if and when they fail, can accelerate the momentum of disintegration). Unfortunately, at present, European decision-makers are trying to save the Union through policy solutions that radically limit the choices of both national governments and the public. So voters in countries like Italy and Greece can change governments, but they cannot change the policies: economic decision-making is de facto removed from electoral politics. While this strategy promises more stable institutional frameworks, it risks provoking unpredicted reactions. The primacy of politics is at the very heart of the European project. What Europeans learned in 1920s and 1930s is that democracy should 'correct' the markets in order to secure political and social stability. The current policies favoured by European leaders are trying to remake the EU and to deprive politics of its central role. The expectations are that the new politics of fiscal discipline will reduce political pressure on the EU. But while experts can agree or disagree with the pros and cons of the austerity policy package, what is more important is that the failure of rigidity will automatically accelerate the crisis, and thus make the survival of the Union more difficult. It is now clear that the EU cannot survive with a common currency not supported by a common treasury. But could it survive as a union of austerity states where the economic decision-making is taken out of electoral politics and where identity politics is all that is left in politics? The popular response to 'there is no alternative' can readily become 'any alternative is better'.

So what European leaders can learn from the Soviet collapse is that to survive you should get your fears right, because as Macbeth remarks after seeing the witches, "Present fears / Are less than horrible imaginings."

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<sup>14</sup> Catherine Hickley, "Euro Breakup Precedent Seen when 15 State-Ruble Zone Fell Apart", Bloomberg.com, 8 June 2012 (<http://www.bloomberg.com/news/2012-06-07/euro-breakup-precedent-seen-when-15-state-ruble-zone-fell-apart.html>).



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