THE PROBLEM OF THE DEMOCRACY DEFICIT IN THE EU:
BETWEEN THE POLITICAL ENTITY AND THE MARKET UTOPIA

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The paper examines the problem of the relationship between the practices of the ordoliberal market, electoral democracy, and the sovereignty of the EU and its member states in the conditions of the decline of American hegemony and the beginning of the Chinese accumulation cycle.

The first part analyzes the functioning of the EU at the political-institutional and economic levels. Based on the works of Karl Polanyi, Carl Schmitt, and their followers, it was demonstrated that at the institutional level, the neoliberal practices of the pan-European market conflict with the democratic institutions of the EU member states. Limiting national sovereignty in favor of supranational structures leads to limiting the influence of democratic institutions on the decision-making process, which makes European societies vulnerable both to adverse market dynamics and the selfish interests of elite groups.

At the economic level, it was demonstrated that the decay of the economic foundations of American hegemony leads to a slowdown in economic growth. The result is both progressive property inequality within the Core of the capitalist world-system, which undermines the functionality of democratic institutions, and a narrowing of the gap between the Core and the Semi-Periphery. As a result, the rise of semi-peripheral states is taking place, undermining the international liberal order with their activity.

In the second part, the scenarios of the functioning of the EU in the conditions of the transition of the capitalist world-system from an anarchic to a chaotic functioning state were considered. Based on the works of Aristotle, Charles Tilly and Samuel Huntington, political and institutional solutions were proposed, potentially capable of stabilizing the functioning of the EU and preserving it as a space of liberal practices of a good life.

Key words: IR, EU, world-system, semi-periphery, Arrighi, Polanyi, Wallerstein, hegemony, USA, developmental state.

The last fifteen years were considered the time that is referred to as the ‘crisis of democracy’: when populists came to power, the confrontation between the rich and the poor returned to the political arena, as well as ethnic strife, interstate wars, etc. This study is a preliminary attempt to draw a line between the crisis of democracy as a political mechanism for protected mutual consultation between the rulers and the citizens. It is considered as a crisis of the neoliberal regime of accumulation or, more precisely, the international division of labor that underlies it.

In this paper, democracy is distinguished as an imperfect political mechanism suffering from numerous shortcomings known since the time of the ancient Greeks, and an ‘economic’ market utopia that tries to reduce social interaction to the level of methodological individualism.

For this purpose, the EU could be referred to for the case study. On the one hand, on the EU territory, the liberal utopia of market individualism has outgrown the borders of nation-states. That allows us to research the problems of practical implementation of liberal doctrine, which usually does not reach critical significance at the level of separate states. On the other hand, many EU member states occupy a strong position in the Core, which allows them to collectively support the functioning of democratic institutions without the participation of the United States. However, without American security guarantees, these states,
primarily France and Germany, would be unable to defend their positions as this could stimulate the EU to disintegrate or undergo radical rethinking and deeper integration. The situation leads to the question of whether the relationship between the market and democracy is even more crucial.

In this study, we consistently reject neo-Weberian approaches as they, in a hidden or explicit form, profess the principle of methodological nationalism. Precisely, ideal cultural types tend to be located in time and space, resulting from which culture receives a decisive voice in determining the socio-political process.

From the neo-Weberian point of view, the main task in defense of liberal democracy is preserving a 'straight' culture. And when we talk about the 'straight' culture, we mean not only the right-wing fundamentalist movements but also the equally fanatical supporters of the Enlightenment project. In both cases, the construction of 'tradition' aims to prove their worldview, which is helpful from the point of view of public rhetoric, but counterproductive as a strategy of scientific research, allowing to create ad hoc explanations for any social phenomena (Collins, 1999, p. 110–111).

Therefore, following Charles Tilly (2006), we shall use structuralism as the methodology for the study. It supposes that the structure determines the political process participants' behavior, and they are forced to coordinate their behavior due to it (p. 43).

Since the economy is the deepest structure covering all spheres of human life in the modern world, we shall also adopt the achievements of the world-systems analysis school. However, instead of focusing on the process of unequal exchange relations and the concentration of capital at the world-system level, we shall attempt to restore relative autonomy to the political sphere. This is the highest level where purposeful human activity is possible, including value-oriented one, which gives some autonomy from economic determinism (Arrighi et al, 2003, p. 22–28) and allows us to focus on the institutional problems of the functioning of 'liberal democracy' in the situation of crisis of the global market economy.

It necessitates us to use a Kantian approach and analyze the possibility of conditions from the author's point of view, which we shall reflect in this article further. In this way, we tried to avoid the Spenglerian pseudomorphosis that characterized many 'political' texts, when a set of concepts invented to describe one society is mechanically used to analyze another culture.

This study consistently uses the tripartite division of the political spectrum into right, left, and liberals – dating back to the time of the French Revolution. On the one hand, this is determined by the object of study, namely the political traditions of continental Europe, which imply a tripartite division in contrast to the Anglo-American bipartisan political system.

The cleavage between neoconservatives and new 'left' liberals that characterizes the modern Anglo-American political system makes sense only on the territory of a hegemonic state with its characteristic primacy of liberalism and oversupply of resources. In such conditions, discussions about citizens' rights, taxes, and big or small government are relevant.

An idiolect created under such conditions is poorly adapted to reflect on the 'limiting' political situations characteristic of the Semi-Periphery, which constitutes most of the EU. It is challenging to argue under what conditions people must sacrifice their selfish interests to benefit their community, defined by class, nation, or other characteristics.

Historically in continental Europe, especially in its semi-peripheral part, the first task of any government is to resist external geopolitical pressure, including war, and maintain internal political order. Such prioritization is not someone's desire but an inevitable necessity (Huntington, 1973, p. 93-190). States/ regimes that have failed to succeed in such tasks have inevitably collapsed. This situation is reflected in the political culture and the ideological concepts generated by it.

On the other hand, although we are familiar with the Anglo-American political language, we are still the natives of a semi-peripheral country. Therefore, we perfectly understand that in semiperipheral conditions such political language is nothing more than a part of the habitus of an 'educated' person, designed to demonstrate involvement in the 'high' Western culture and allowing one to establish transnational relationships with its carriers from other countries. It does not reflect our semi-peripheral realities; it is just a salon toy. In the 18th and 19th centuries, the nobility spoke French, quoted Voltaire, and copied Parisian fashions (Wooff, 1994). Nowadays, we speak English, copy American 'progressivism' and use feminine forms of words, but the essence is approximately the same.

In considering the meaningful use of a particular approach, J. L. Borges' story "Averroes's Search" comes to mind, in which an Islamic commentator seeks to understand Aristotle's Poetics without any experience of theatrical performances. As such, all practical recommendations offered in this article are to be regarded as an attempt to solve semi-peripheral problems with semi-peripheral methods.

**Structure of the paper.** The article comprises an introduction, two main sections, and a conclusion. The first part will attempt to contextualize the European Union (EU) within the current crisis in the international division of labor and assess its impact on the daily lives of ordinary EU citizens in a first approximation. The second section will outline political approaches to addressing the problem of the coexistence of liberal
freedom and democracy in the EU against the backdrop of the decline of American hegemony. Conclusions will sum up the article, briefly outlining its main arguments.

Research tasks. To fulfill the research objectives, two research tasks have been identified. The first one is to determine the impact of ordoliberal market practices on ordinary citizens and the functioning of democratic institutions in the EU. The second one is to define the conditions for the functioning of the modern repertoires of contention on the EU scale and the stabilization of already existing institutions that do not allow society to move into a praetorian state, as well as the formation of a status group of ‘Europeans,’ which will allow ignoring class differences.

The EU as a project of a market utopia and its evaluation

The key issues of political theory are the problem of creating a community and articulating the common interest. The liberal doctrine claims that the state is a free association of individuals that differs from a school, church, or literature circle only in scale, which allows its members to potentially leave this association if their interests do not coincide with the interests of the group (Schmitt, 2016, p. 316).

However, both the interests of individual members and the interests of the community are diverse and contradictory. The situation is aggravated by the fact that political interaction is primarily the interaction of groups. And an individual, being outside the group, runs the risk of becoming a means rather than an end goal for other groups, which raises questions of the principle of methodological individualism.

Thus, there is a problem of the articulation of the public interest. At first glance, the easiest solution seems to be voting on what is considered the common interest. However, electoral democracy also conflicts with the principle of methodological individualism, since there are winners and losers in any election (Mouffe, 2000, p. 39).

Theoretically, this problem can be solved through achieving consensus in the course of rational public discussion. Now, this approach is being propagated by representatives of the Frankfurt School with their ideal communicative community. However, in practice, this can only be achieved if a small, relatively homogeneous social group retains the right to vote. This is how the liberal ‘democracies’ of the 19th century functioned. But with the spread of universal suffrage, this approach is poorly implemented in practice. And it has resulted in discussions about the ‘revolt of the masses’ in the late 19th and first half of the 20th centuries and in the current ‘anti-populist’ rhetoric, which emphasizes the irrationality and short-sightedness of ordinary voters.

In the conditions of competitive politics, when socially significant decisions become debatable, one of the obligatory conditions for their legitimization is the principle of disinterest and universality. This principle asserts that decisions are made for the benefit of the whole group, not for the satisfaction of some personal interest.

Therefore, the solution to the problem of ‘liberal democracy’ is possible not only through an increase in the level of democratic participation of citizens, which represents a particular principle, but also through the depoliticization and neutralization of the decision-making process and the transfer of power to bureaucratic structures that make decisions according to the rules.

The alternative is to believe in the idea of the market as an objective economic mechanism that gives everyone what they deserve, which involves eliminating the very idea of the public good and reducing social interaction to individual competition.

Naturally, these approaches are not mutually exclusive. This is reflected in the practices of neoconstitutionalism, which limit the intervention of the masses in the functioning of the economy, which makes it possible to reconcile the opposing principles temporarily, although we need to stress their conditionality and limitations. There can be no completely autonomous bureaucratic institutions within a particular state, especially if they function to guarantee the freedom of the market. Sooner or later, the principle of disinterest and universality will be violated in favor of common or private interests.

Therefore, the exemplary embodiment of a liberal utopia is a space of free migration of atomized individuals pursuing their selfish interests, who periodically go to court to protect their rights (Mouffe, 2000, p. 42) with zero influence of democratic mechanisms.

The concept of market utopia is described in P. Rosanvallon’s Utopian Capitalism: A History of the Idea of the Market (2007). In this work, the author demonstrates that the idea of the market opposes the theory of the social contract and claims that thanks to the principle of the division of labor and free trade (exchange), people could achieve prosperity by following the selfish desires of individuals, without having a single decision-making center that articulate the common good.

The division of labor can also solve the problem of justice. This theory legitimized social inequality not by social benefit or tradition, but by market efficiency, which becomes the only measure of the value of separate individuals and entire social groups (Rosanvallon, 2007, p. 24–32).

Thus, the only function left to the government is to protect the sacred right of private property and clear the way for the market. Any interference in public life is interpreted as iniquity that harms market...
harmony and the right of individuals. This point of view rejects the autonomy of the political sphere and reduces all aspects of social life to the level of economy (Rosanvallon, 2007, p. 105–107).

Perhaps, F. Hayek (1939) was the first theorist who tried to apply the concept of market utopia to the process of European integration. He claims that a pan-European federation creates uniquely favorable conditions for the functioning of the free market. Because its population would be too heterogeneous to create common demands for the government, and the ‘state’ itself would be too large to be governed. As a result, a huge space of powerlessness would arise, filled by the market element of individual selfishness.

He believed that interstate integration would become a weapon for promoting liberal freedom. A state that claims to join such a federation will be forced to sacrifice control over its economy, which means it will lose the opportunity to pursue authoritarian policies. This article has become prophetic, describing many modern aspects of the functioning of the EU (Höpner & Schäfer, 2012).

Let us now turn to the critics of the market utopia who have challenged its sustainability and fairness. One such critic is Carl Schmitt, who sought to justify the autonomy of the political sphere. He regards politics as a process of intense formation of boundaries between groups, when individuals are ready to kill and die for the survival of their political entity. This fundamental interest is the determining factor that distinguishes between friends, who support the community, and enemies, who seek to destroy it. This approach prioritizes political motives over economic expediency in public life (Schmitt, 2016, p. 302–305).

Moreover, Schmitt rejects ‘liberal democracy’ as a state of pluralism of opinions. Instead, he claims that democracy is possible only if the demos exist as a relatively homogeneous political subject whose interests are expressed by the sovereign, the bearer of unlimited power (Schmitt, 2016, p. 101). Continuing this thought, he equalizes the political community, sovereignty, and democracy. He argues that democracy, as the unlimited will of the people, can only function in a situation of complete sovereignty (Schmitt, 2016, p. 109–110). It means that the sovereign has the unlimited ability to define friends and enemies and impose martial law if the state’s existence is threatened.

However, Schmitt did not restrict himself to issues of sovereignty. He also draws attention to the fact that society tends to depoliticize certain aspects of life, thereby creating a consensus on vital issues (Schmitt, 2016, p. 364–365). For his time, he considered the economy and interstate relations to be the critical issue of political delimitation. Still, in the event of a complete triumph of liberalism, these areas, if possible, will be depoliticized (Schmitt, 2016, p. 347–364).

Thus, Schmitt’s concept of depoliticization offers two ways through which the ‘creeping’ repoliticization of liberal society takes place. Firstly, if people can neither kill each other because of economic contradictions nor forbid interstate wars, then cultural differences are politicized. From here, it starts the roots of cultural wars, BLM, ethnonationalism, etc. It is only a matter of time before such confrontations lead to violence.

Secondly, liberalism’s claim to universality leads to the fact that it cannot exist in the same room as any other version of modernity. Thus, this is a situation that demands starting a total war “to end the wars”. Therefore, the liberal utopia is potentially sick with its death that is just waiting for its time.

The ideas of Schmitt were modernized by Chantal Mouffe (2000), who emphasized that liberal democracy can only function as a state of pluralism of opinions if there are neutral state mechanisms independent from the unrest of public life (p. 83–90). She further shifts the focus to inclusion-exclusion mechanisms, claiming that liberal politics does not contradict Carl Schmitt’s ideas if one considers a dynamic aspect to the process of demos formation (Mouffe, 2000, p. 100–101).

Considering her thesis, political entity precedes any form of social life. Thus, the confrontation between the concepts of liberal and ‘Schmittian’ people’s democracy becomes quite wrong. They interact with each other like a nesting doll, i.e., a political entity is a necessary condition for liberal democracy or any other political regime (Mouffe, 2000, p. 99–100). The case of the European Union is particularly interesting in this context. While the EU has established a common economy, it has not developed a corresponding political superstructure that could unify the conditions of life and create a sense of EU demos. This has resulted in a situation where the social sphere exists in isolation from the political one, at least at first glance.

This situation creates a space of opportunity for the functioning of supranational regulators and the implementation of neo-constitutional practices on the EU scale, and hence a more consistent implementation of the liberal utopia (Saveska, 2014, p. 45–59).

Liberal socio-political practice is derived from the abundance of resources. Belief in the market, self-organization of civil society, free trade, the prohibition of war, and the refusal to treat groups as politically significant one can only succeed in a highly successful economic model that can exist without government intervention and provide sufficient resources for everyone. At this point, we should admit that political rhetoric often declares any result as an achievement by shifting the target to the point where the politician hits, instead of objectively evaluating the effectiveness of their actions. To emphasize this point, we need to establish a clear distinction between political theory and political practice.
From the political theories we mentioned earlier, liberal market utopia must appear as we have described it. However, things seem different in reality due to the crisis of liberal democracy predicted by C. Schmitt. ‘Liberal democracy’ failed not when people voted for someone like D. Trump but when the government began treating certain people not as individuals but as members of a particular group.

It forces us to take a closer look at the practice of the functioning of the market in the EU since only in this way can we clarify the limits of the viability of the liberal market utopia. Specifically, what are the circumstances under which self-interested individuals, driven by their desires, generate societal prosperity, and when does this manifest as an ideological delusion?

Measuring the performance of an economic model is a challenging task that can be broadened beyond purely economic indicators. This is especially true when we are interested in the socio-political consequences of economic processes. Analyzing the EU as an embodied market utopia, we should focus on three questions:

1) How efficient is the market for the EU population?
2) How consistently is the principle of impartiality observed by the EU supranational regulators, which guarantees the correct functioning of market mechanisms?
3) Whether the economic model of the EU is effective at the global level, since if the EU enterprises are not competitive, they will have to be protected by political means.

Considering the issue of the influence of the market economy on the life of EU citizens, it is necessary to separate economic problems from social problems, as far as possible, despite the conventionality of such a division. Since material inequality and uneven economic growth could potentially be combined with relative socio-political stability.

In this regard, we should focus on Karl Polanyi’s seminal work The Great Transformation (1944/2001). The cornerstone of this work is the idea that the logic of the functioning of the market does not always coincide with the interests of individuals and/or society.

Polanyi introduced the concept of the ‘embeddedness’ of the market, arguing that in modern industrial civilization, the market is a mechanism that ensures the functioning of society as a whole (Polanyi, 1944/2001, p. 60). However, if all spheres of social life are brought under the control of market dynamics, we will find ourselves in the middle of a wilderness (Polanyi, 1944/2001, p. 3–4). Thus, the reaction in defense of social foundations should not be automatically interpreted as some kind of arcaic relic.

Polanyi builds his position on the notion of fictitious commodities, namely labor, land, and money. He argues that the sale of labor should not be considered a simple market transaction, as it involves human beings who may perish if their lives are subordinated to market dynamics. Similarly, the exploitation of land for maximum profit inevitably leads to environmental degradation. As for money, the interpretation of it as a commodity results in cyclical booms and busts on the stock exchange (Polanyi, 1944/2001, p. 75–76). Therefore, for a liberal market civilization, the key issue is democracy, which interferes with the process of market equilibrium (Polanyi, 1944/2001, p. 3–4).

Polanyi describes the conflict between democracy and the market in terms of double movement. He focuses his empirical research on the problem of the gold standard which was the international means of payment. The refusal to link the national currency's exchange rate to gold inevitably led to the destruction of international trade. This issue became central to political and economic discourse after World War I (Polanyi, 1944/2001, p.138–148). Moreover, Polanyi argues that the financial oligarchy, who had a vested interest in preserving the market in the form of the gold standard, blocked grassroots democratic initiatives aimed at promoting societal interests (Polanyi, 1944/2001, p. 79–80).

Although the situation in global finance has changed significantly since then, the European Union faces a similar predicament. According to Woodruff D.M., the loss of the ability to issue their currency on the level of individual member states of the EU led to a repetition of the interwar situation of a double movement in the eurozone politic and policies in process of the European debt crisis in the period 2010–2012 (Woodruff, 2014, p. 3).

Woodruff’s work is part of a relatively long line of analyses by Polanyi on the European Union. However, J. Caporaso & S. Tarrow (2009) claimed that the contradiction between society and the market of the EU was resolved not through democratic politics, but through the protection of individual rights in the European Court of Justice (ECJ) (Caporaso & Tarrow, 2009, p.595). If this argument would be true, the EU will be the ideal space for liberal freedom that successfully escaped the temptation of democracy (Mouffe, 2000, p. 42).

This ‘idealistic’ claim was criticized in an article by Höpner and Schäfer (2012), who demonstrated that transnational institutions not only have enough influence to redistribute wealth across the EU but also undermine such opportunity at the level of individual member states. On our behalf, we add that in all three cases taken as examples by Caporaso and Tarrow (2009), the ECJ did not act as a defender of the society of both separate states and the EU as a whole, but rather make them even more open to the market.
The Ph.D. dissertation of M. Saveska (2014) should be mentioned in a separate line. The key advantage of this text, in our opinion, is a vivid demonstration of the Achilles' heel of all K. Polanyi's mental constructions, which did not give a clear definition of what moment the market dynamics begin to be destructive for social relations. This was even reflected in the title of the dissertation "The Evolving Governance Structure of the European Union: Asymmetric, but not Disembedded: Immanent Possibilities in the Social and Environmental Policy."

The easiest way to find out how ordinary citizens evaluate the impact of the market on their lives is through elections. The success with which right and left ‘populists’ and Euroskeptics have in these elections is obvious feedback on the entire EU and its member states’ ability to satisfy their citizens' needs.

However, the comfort of individuals or even social groups cannot justify radical policy decisions at the macro level. It is necessary to draw a clear line between inconvenience resulting from the destruction of the usual way of life and a social collapse that requires immediate action.

Continuing this thought, we should note that not every way of life is worthy of salvation, and military-political events can destroy a habitual way of life much more effectively than market dynamics. Therefore, automatically taking a ‘pro-social’/anti-market position, as many researchers do, for example (Saveska, 2014), is a gross mistake.

It is important to stress that the reception of K. Polanyi in the works that we used often turns him into an American ‘progressive liberal’ who advocates for increasing social benefits and restricting the market. However, he was a right-wing Christian socialist who, like us, saw a direct connection between individual freedom and the liberal market.

However, despite seeing liberal freedom as necessary, Polanyi considered the market a disastrous institution and did not believe it was required to sacrifice the principles of social coexistence for liberal freedom. He witnessed the collapse of market civilization as the main result of World War II (Polanyi, 1944/2001, p. 257–259). Since the welfare states dominated social and political practice until the 1970s, his assessment was not entirely inaccurate.

Moving forward, our analysis will incorporate a spatiotemporal aspect. The market utopia deliberately ignores it, reducing the question of justice to the merits and demerits of individual individuals (Rosanvallon, 2007, p. 109–118). In practice, we can observe that wealth and poverty tend to be concentrated at both the state and regional levels.

As the first step in the analysis of the spatiotemporal aspect of the market, we will utilize Immanuel Wallerstein’s concept of the capitalist world-system. His theory is based on the phenomenon of unequal exchange between various parts of the capitalist world-system, including the Core, the Semi-Periphery, and the Periphery. The key indicator for determining the different zones of the world-system is the mode of exploitation of the labor force and the spatial localization of industries.

The Core is characterized by free purchase and sale of skilled labor necessary to serve highly profitable sectors of the economy. At the same time, the Periphery specializes in raw materials and uses unpaid labor such as slavery and serfdom, reducing the costs of extracting cheap raw materials (Wallerstein, 2011a, p.86–87). From a state-building point of view, the Core is characterized by the emergence of strong states capable of smoothing out the class struggle by creating a status group (nation) and imposing unfavorable exchange conditions on less developed territories, which fixes them in a peripheral status.

The different zones of the world-system have varying regimes of exploitation of workers and are implicitly characterized by the emergence of different regimes of symbolic violence. The Core states are characterized by liberalism (Wallerstein, 2011a, p. XXVI), while the authorities of the Periphery seek to justify their legitimacy by inventing tradition (Wallerstein, 2011a, p.356). The Semi-Periphery, on the other hand, occupies an intermediate position between these two extremes: constantly striving to move towards the Core while avoiding sliding into the position of the Periphery, which creates conditions for chronic political and economic instability in this part of the world-system (Kutuiiev, 2016, p. 242–244).

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Capitalism allows elites to appropriate surplus value without creating a military-bureaucratic superstructure to collect tribute. As the oppressed classes are literally in the territory of another state, it is obvious feedback on the entire EU and its member states’ ability to satisfy their citizens' needs. The easiest way to find out how ordinary citizens evaluate the impact of the market on their lives is through elections. The success with which right and left ‘populists’ and Euroskeptics have in these elections is obvious feedback on the entire EU and its member states’ ability to satisfy their citizens' needs.

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Evidently, the concept of the international division of labor contradicts the EU’s status as a single community. Since the national borders and sovereignties are blurred, creating such a conditional political structure results in ‘unnecessarily’ close interaction between different zones of the world system, which requires either the separation of the EU or the economic convergence of its member states. Additionally, a single social policy seems to be even more crucial for the EU’s integration.

The key question at this analysis stage is whether market interaction can solve these problems during European integration. Rudy Weisenbacher claims that the EU has maintained a stable economic stratification into Core and Periphery since at least the 1960s. It has also demonstrated a clear correlation between the number of TNCs headquartered in EU member states and their level of GNP per capita
(Weissenbacher, 2019, p.250). Thus, neither post-war Keynesian economics nor the triumphant return of
the free market in the 1970s led the EU economies to converge (Weissenbacher, 2019, p. 239–248).

Of course, Weissenbacher’s study has considerable flaws. Precisely, it ignores the volume of
available social services and the level of material stratification in the EU member states (Weissenbacher,
2019, p. 232), which completely disregards the principle of world-system stratification proposed by
Wallerstein.

Moreover, it is worth emphasizing Weissenbacher’s two critical shortcomings. The first of these is to
limit the scope of the analysis solely to the borders of the EU. However, it is obvious that the periphery of the
EU should vastly exceed its institutional boundaries. If we talk about the role of South and Central Europe
in the global division of labor, then this is at least the Semi-Periphery (Arrighi & Drangel, 1986, p. 11–16).

The second drawback is an attempt to use the state as a unit of analysis, although it is obvious
that, for example, in France and the UK, the capitals are much more developed than the provinces, and
Northern Italy is at the Core of the EU, while Southern Italy is on the Periphery. As a result, an attempt to
locate these territories within the EU looks like an effort to measure the average temperature in a hospital
(Weissenbacher, 2019, p. 230).

Thus, our answer to the question about the efficiency of the market for EU citizens, at least in terms of
the spatial distribution of inequality, is negative. However, the answer to this question requires resolving
the following difficulty: why has the EU been stable for many decades if convergence is not happening?

This question brings us to the final issue on our list. How competitive is the EU economic model at
the global level? Are the ruling elites doing the right thing when they try to entrust the well-being of their
citizens to the economic element?

To understand this, we need to raise the question of the stability of the international division of
labor. On the one hand, Wallerstein argues that the stability of the system is guaranteed by the existence
of a single ruling class (bourgeoisie) that benefits from the international division of labor by privatizing
profits and nationalization of losses (Wallerstein, 2011a, p. 348). Thus, the elites of the Periphery and
Semi-Periphery make significant efforts to ensure that their territory does not violate the status quo of the
capitalist world-system. On the other hand, Wallerstein introduces the concept of a hegemonic state, i.e.
a state that has consistently achieved superiority in agriculture, industry, finance, and which allows it to
stabilize the international division of labor (Wallerstein, 2011b, p. 38–39).

The theory of hegemony in the world-system was developed by G. Arrighi (1996). He combined the
hegemonic states findings by Wallerstein with the idea of hegemony by A. Gramsci, suggesting that the
hegemonic group combines the expression of common interest with economic dominance and the capacity
to use organized violence against those who disagree. The key driver of the development of capitalism is
the crisis of the rate of profit caused by excessive competition.

Thus, if Wallerstein based his analysis on century-long ‘logistical’ cycles of economic growth and
decline, which could be traced back to the Bronze Age, and that made his concepts extremely vulnerable
to criticism, Arrighi (1996) suggests that the cycles of capital accumulation became a hallmark of modern
capitalism (p. 7–9).

It is important to emphasize that while Wallerstein’s achievement was a new understanding of the
interconnection of things, such as the rejection of the principle of methodological nationalism and the shift of
attention to the functioning of the entire system of the international division of labor as a whole, Arrighi also
made a significant contribution by introducing a temporal aspect to our understanding of the market. This
note helps to avoid false universality when evaluating the effectiveness of specific socio-economic models.

Arrighi’s approach was based on the views of F. Braudel, who identified capitalism with the sphere of
supranational non-market financial transactions, which are separate from the sphere of material life, non-
market activity that ensures physical survival, and competitive market exchange. Arrighi (1996) enriched
this approach with J. Schumpeter’s concept that capitalism generates innovation to avoid the pressure of
excessive competition (p. 10–11).

At the same time, Arrighi (1996) derives his theory of capital accumulation cycles not only from
fluctuations in economic indicators but based on the achievements of the French ‘regulation school,’ which
focuses on institutional forms of organization of production (p.1-4). A distinctive feature of the hegemonic
state is the presence of production relations that give it an advantage in the competitive struggle with the
previous hegemon and other states of the Core, as well as the fact that each successive hegemonic state
is larger than the previous one (p. 14).

Thus, the basis of the economic power of Great Britain was the resources of its colonial world-
empire, as well as a flexible system of small or medium size family companies, which provided the English
economy with superiority over competitors in the 18th-19th centuries but could not oppose anything to
the vertically integrated corporations of the USA and Germany by beginning of the 20th century (Arrighi,
This situation turns the global economy into a zero-sum game, politicizes economic interactions, and forces the previous hegemon to abandon the benefits of free trade. Instead, hegemon focuses on the administrative protection of their markets, which leads to the disintegration of the world economy into spheres of influence. This condition is accompanied by a period of relative prosperity, culminating in what Wallerstein terms the ‘Thirty Years’ War’ (Wallerstein, 1983). During this period, the system of international relations shifts from an anarchic to a chaotic state (Arrighi, 1996, p. 30). As interstate conflicts arise, the foundations of hierarchical social order are questioned.

The state of chaos serves as a test for hegemony, which is not merely the mechanical supremacy of a superpower over its competitors (Arrighi, 1996, p.51), but rather the ability to recreate the world-system based on new organizational principles by increasing capitalist power (Arrighi, 1996, p. 12–15) and proposing a new ‘universal’ balance between the rulers and the ruled (Arrighi, 1996, p. 27–28).

The concept of hegemony is a metaphor that assumes the existence of a common interest. When we examine the concrete mechanisms, we observe the phenomenon of institutional isomorphism, which permeates the entire capitalist world-system. In exchange for the resources distributed by the hegemonic state, such as money, trade preferences, and legitimation, there is often an external but shallow adoption of ‘liberal’ institutions from the Core (Volskyi, 2020, p. 8–10).

This approach allows us to abandon the normative view that characterized the Westphalian system of international relations, which assumes that all states are equal in their sovereignty. This, in turn, opens up the possibility of recognizing the fact that a significant number of ‘liberal democracies’ outside the Core exist only thanks to external support and can respond to the decline of American hegemony in the same way that Eastern European regimes responded to the collapse of the USSR.

That is why the stability of the international division of labor in general and within the EU, in particular, is directly related to the US's role as a hegemonic state. History proves it is impossible to maintain a monopoly on the ‘ultimate weapon’ of economic competition forever. That is why we witness, at first, a signal crisis of hegemony when other states of the Core seize the secret of the success of the hegemon, and then the final crisis when the previous hegemon demonstrates the inability to maintain the capitalist world-system in a stable state.

Arrighi(1996) urged to focus on the signal crisis of hegemony since it has a relatively straightforward beginning and end, in contrast to the terminal crisis, which looks like a whole string of crises following one after another (p. 216–217). Furthermore, it is difficult to determine where the end of hegemony occurs, both for the included observer and the historian who studies the situation post factum.

The signal crisis of American hegemony happened in the 1970s. This crisis produced paradoxical results. Despite the United States being at the peak of its power before it began, the situation changed radically after the end of the signal crisis. On the one hand, the USA lost its advantage in material production compared to other states of the Core. On the other hand, from 1981 to 1983, the Semi-Periphery lost all the positions defeated from the Core after World War II (Arrighi, 1986, p. 53). It should be noted that it was at this moment that the gap between the Semi-Periphery and the Core began to shrink apparently.

This new configuration of forces led to the collapse of the USSR as a semi-peripheral state and created the foundation for the neoliberal ‘global’ world we know. The US loss of an ultimatum advantage in material production deprived other Core states of fear that trade liberalization would lead to their inevitable bankruptcy in favor of North American TNCs. Moreover, the weakening of the semi-peripheral countries made it possible to establish a new form of property and financial dependence when the deployment of industrial capacities in territories with cheap labor did not lead to these states' rapid accumulation of capital because profits were either transferred directly to First World countries by Western companies that built factories or indirectly through the return of government loans to Western governments and/or international organizations (Arrighi et al, 2003).

Here it needs to be emphasized that Arrighi(1996) offers us two closely related hypotheses. The first one speaks of the fall in the rate of profit as a chronic disease of capitalism, which has been inherent in the modern world economy over the past decades. Moreover, the stability of the capitalist world-system ends when, instead of sharing profits, its main participants begin to share losses (p. 227).

The second hypothesis speaks of the emergence of a new hegemonic state capable of successfully restarting the accumulation cycle. Still, Arrighi (1996) suggests four cycles of accumulation and only three hegemonic states. During the first Spanish-Genoese cycle, the place of concentration was not the state but transnational banking networks (p. 128–132). The second ‘Dutch’ cycle of accumulation created a territorial place for the concentration of capital. However, it did not create a sufficiently powerful political structure to streamline the international division of labor.

Therefore, the 17th and 18th centuries mark the period of endless European wars. The first thing that the other core states did after the end of the first ‘Thirty Years’ War’ was an attack on the so-called...
states belong to the Semi-Periphery, which makes them deeply vulnerable to the global redistribution of liberal market freedom? This situation calls for a return to a more practical and territorially defined EU.

A dilemma for the EU. Should they risk being ruined by a more efficient competitor or abandon the project of an efficient authoritarian competitor, such as the current trade relationship with the PRC, which presents the assumption that the free market model on a continental scale is the most effective without the presence of surrounding states and eliminating the democratic 'threat'. However, this hypothesis was based on the Hayek belief that free access to the pan-European market could be a powerful force for liberalizing the state of affairs if it fails to meet our expectations.

The sphere influences all aspects of social life, it may seem that we have no choice but to accept the current function as promised by earlier generations of thinkers, or as it did just a few years ago, should we abandon from reality today. However, this realization prompts us to ask a critical question: if the market does not assert that the current crisis can be solved by 'pacifying' semiperipheral revisionist authoritarian powers.

Therefore, using world-system analysis as a middle-range theory, we can argue that the crisis of 'liberal democracy' primarily results from a lack of resources due to growing material inequality in core states. Additionally, the rise of regional superpowers, such as Iran, Russia, Turkey, India, etc., has contributed to this crisis.

This approach rejects primitive Manicheanism. It rejects both the form of bad 'neo-Weberism', which claims that 'liberal democracy' has stopped functioning because 'bad' social groups do not believe in its values, and asserts that the current crisis can be solved by 'pacifying' semiperipheral revisionist authoritarian powers.

No propaganda or military-political decision can create resources out of nothing – especially the endless resources required to implement the liberal utopia in words and deeds.

In 1994, Giovanni Arrighi (1996) believed that the United States had accumulated enough military and political power to interrupt the new cycle of accumulation by requisitioning surpluses from Southeast Asian countries, as they had done during the Plaza Accords in 1985 (Arrighi, 1996, p. 350–356). Representatives of the EU and Japan were forced to liberalize their financial markets in exchange for military and political protection from the United States. This position of dominance is directly related to the United States' ability to exert non-economic forms of pressure on actual and potential competitors. However, the very need for such pressure suggests that the economic foundation of hegemony is deeply undermined.

However, given the dynamics of US-China relations during the tenures of President D. Trump and J. Biden, the attempt at extra-economy pressure on the PRC as a new pretender to the center of accumulation was unsuccessful.

Thus, the world-system is going through a deglobalization period, hence a zero-sum game. Consequently, the free market on a global scale no longer plays into the hands of the prosperity of the EU member states, which forces us to speculate on the various options for the future of this association.

The possibility of the EU as a political community

Both liberalism and Marxism are based on economic premises. While liberal ideologists believe that selfish desires could be transformed by the market and lead society to prosperity and space of liberal freedom, Marxists proceed from the fact that the market leads to endless self-growth and concentration of capital, giving rise to violence, exploitation, and tyranny (Rosanvallon, 2007, p. 208).

Of course, the philosophical and economic theories of the 18th and 19th centuries are far removed from reality today. However, this realization prompts us to ask a critical question: if the market does not function as promised by earlier generations of thinkers, or as it did just a few years ago, should we abandon our political views and the way of a good life that we adhere to in our policy? Given that the economic sphere influences all aspects of social life, it may seem that we have no choice but to accept the current state of affairs if it fails to meet our expectations.

Currently, we are witnessing how F. Hayek's vision (1939) of a liberal utopia is backfiring. In fact, Hayek believed free access to the pan-European market could be a powerful force for liberalizing the surrounding states and eliminating the democratic 'threat'. However, this hypothesis was based on the assumption that the free market model on a continental scale is the most effective without the presence of an efficient authoritarian competitor, such as the current trade relationship with the PRC, which presents a dilemma for the EU. Should they risk being ruined by a more efficient competitor or abandon the project of liberal market freedom? This situation calls for a return to a more practical and territorially defined EU.

When we interpret the EU as a space of liberal freedom, we should mention that most of its member states belong to the Semi-Periphery, which makes them deeply vulnerable to the global redistribution of
capital. Moreover, as Arrighi (1986) conducted, after WWII ended and up to the signal crisis of hegemony, the USA pushed other states of the Core to the Semi-Periphery (p. 48).

Our further reflections are based on the assumption that the United States will cease to guarantee security in Europe. That will force European states to take care of themselves.

Thus, we find ourselves in a situation of the primacy of foreign policy when the military support of the economy becomes critical for our analysis. Since ‘liberal-democratic’ practices are possible only in the states of the Core, capable of maintaining its citizens’ status (national) identity. If the state cannot mobilize a sufficient amount of power resources, it will inevitably begin to lose control over its periphery, which shortly will lead to its peripheralization and disintegration.

The first and simplest scenario involves the preservation of the status quo of the current European ordoliberal ‘market’ utopia.

The defense of the market utopia or, to be more precise for modern realities, the neoliberal regime of accumulation suggests that there are no problems in the market functioning and that the work of political institutions causes the difficulty.

Firstly, the FRG’s dominant position in the EU forces southern semi-peripheral countries like Greece, Italy, and Spain to nationalize private debts to German banks, undermining market fairness. If German or French banks gave out loans without adequate scrutiny, the failure to repay those loans should be their personal problem and not an interstate issue (Woodruff, 2014, p. 38–41).

From this perspective, it is crucial to enhance and strengthen the independence of supranational regulators. This goal can only be achieved through a widespread elite consensus and more rigorous limits on democracy and sovereignty in EU member states. The decision-making process for policy implications and design must become entirely independent of both big businesses and social groups affected by market dynamics. However, when the market utopia loses its utopian nature, it may become evident that it does not align with anyone's interests and is destined to fail.

The attack on the market utopia suggests that the uneven development and different modes of exploitation of the labor force in the EU member states deprive the ideal dimension of the market of meaning. Moreover, suppose we want to overcome the negative effects of the market. In that case, we must abolish the international and interregional division of labor in the EU and worldwide. This approach presupposes the complete destruction of the capitalist status quo and modern civilization as we understand it (Weissenbacher, 2019, p. 193–213).

Next, we should move from ideal concepts to the specifics of real life. Under the conditions of the Chinese cycle of accumulation, we should expect the same relative peripheralization of the Core countries as it was during the heyday of American hegemony, which leads to an increase in material stratification, which in turn seeks to define itself not in class but in ethnic and cultural coordinates. In contrast, exclusive access to material wealth is determined by group identity.

In such circumstances, the EU, as a regional trade and economic organization, conflicts with the interests of major powers such as the PRC, the USA, and others. These powers are undoubtedly political communities capable of protecting their interests, including through military-political means. Furthermore, the absence of democratic institutions at the EU level, apart from the European Parliament, inevitably results in popular discontent being reflected in national elections. As a result, European supranational structures become vulnerable without democratic legitimacy.

Further, it should be noted that this approach institutionalizes the cleavage between Euro-optimists, who benefit from the EU's existence, and marginalized social groups who understand their economic issues not in terms of class struggle but through national identity and sovereignty. These political processes would inevitably encourage various forms of right-wing populism at the individual state level and centrifugal tendencies at the EU level.

This situation is an ideal realization of the prophecy of C. Schmitt, who claimed that the depoliticization of the economy and the ban on interstate wars would lead to the politicization of cultural identities.

Such a scenario is in some way beneficial to the current ruling elites. As a result, behind the talk about sovereignty, identity politics, migrants, and other features of cultural politics, the voters forget about material inequality. They do not encroach on the foundations of a market economy, confirming the correctness of Arrighi's assertion (1990) that in the conditions of the Semi-Periphery parliamentary democracy is possible only if significant social groups are excluded from the political process for ethnocultural reasons (p. 31–35).

One solution to the EU's current problems is the concept of a Europe of Homelands, periodically mentioned by representatives of Hungary, Poland, and various Eurosceptic forces. This concept was first presented by France during the presidency of Charles de Gaulle in the form of the Fouchet Plan of 1961–1962. It proposed that European integration should occur not through strengthening supranational institutions and economic integration but through closer intergovernmental cooperation and creating a military-political confederation.
If implemented, this project would resolve all the political problems associated with the liberal market utopia discussed above. This is due to the disappearance of the single ordoliberal market, which requires us to analyze the internal state of the EU through the lens of international relations theory since we would now be talking about the interaction of genuinely sovereign states. From the point of view of the theory of political realism, such an ‘EU’ should be considered solely as a mechanism for maximizing the influence of its members in competition with the great powers. However, two significant problems immediately arise here. Firstly, such a confederation would be a profoundly situational alliance torn apart by all interstate contradictions currently existing in the EU. Only in this case, to realize their interests, local governments would receive the entire set of means necessary for the attack to defend their national interests. Moreover, many European states run the risk of discovering their complete incapacity in the event of a severe conflict with Germany or France. Secondly, the elimination of supranational European institutions will not cancel the fact that the EU has a clearly defined Core (Weissenbacher, 2019, p. 86–90), primarily in the form of the FRG, and the states of Southern and Central Europe are nothing more than its semi-periphery. In the conditions of the decline of the American hegemony, the FRG, speaking more broadly, the Franco-German alliance, would be forced to compete for control over the Semi-Periphery, at least with the PRC and the USA. Moreover, such competition would be lost in the long term since even a stable Franco-German alliance is inferior in its potential to the genuinely great powers of our time. Thus, as a compromise version of its implementation, the Fouche plan or the construction of multi-speed Europe still needs to solve the current European problems. Consequently, this compels us, within the framework of this article, to revive the specter of European federalism, which speaks of the value of the United States of Europe as a space of peace and democratic virtues. Therefore, we need to clearly define a corridor of tolerance in which individual freedom could be combined with broad popular representation without provoking permanent political instability, forming a system of beacon goals that must be achieved to maintain liberal democracy in the EU.

This state of affairs actualizes the works of C. Schmitt and his concept of the political as a non-economic motive aimed at the preservation and development of the group with which the individuals associate themselves. Therefore this forces us to have a much more serious conversation about what way of a good life we consider worthy of practice. This approach opens up great opportunities for us in the field of social engineering, but at the same time pushes us onto the slippery ice of counterfactual judgments, requiring a deep discipline of thought, designed to distinguish between wishful and possible, concepts and reality. The current situation brings to mind the works of Schmitt and his concept of politics as a non-economic motive aimed at preserving and developing the group with which individuals associate themselves. It prompts a serious conversation about the kind of good life we consider worthy of practice. This approach presents significant opportunities for social engineering, although it contains some risks leading us astray with counterfactual judgments. To navigate this challenge, we need a rigorous discipline of thought that can distinguish between what is wishful and what is possible, as well as between pure concepts and reality.

First of all, it is necessary to draw a clear line between the desire for a ‘universal’ and counterfactual ‘ideal’ that justifies its existence through the fallacy that S. Huntington (1973) calls ‘Webbism’ as “the tendency to ascribe to a political system qualities which are assumed to be its ultimate goals rather than qualities which actually characterize its processes and functions” (p. 35), and the desire for the realization of a clearly defined way of a good life in the territory of a particular polis in specific historical circumstances, indicating the specific goals that must be achieved in order for the policy to function in the form we desire.

The controversy between representatives of both these approaches originates in the discussion between Aristotle and Plato in ancient Greece. Plato (1944) proposed his ideas about the timeless ideal of justice in his work The Republic, creating the idea of philosophical life as a unity of beliefs and practices. Instead, Aristotle expressed the opinion that the state exists to implement its inherent virtues (Aristotle & Jowett, 1885, p. 1) and that there is no single correct political system (Aristotle & Jowett, 1885, p. 108).

However, ideals alone do nothing and are always about making plans. In this case, a full-fledged discussion about the value bases is hardly possible. From the point of view of the social sciences, we can only talk here about the conditions under which certain ideologies gain or lose their prestige, which is beyond the scope of this study and is covered in more detail in our other works (Volskyi, 2020, Volskyi, 2021).

Before proceeding with the formation of a plan, we need to translate political theory concepts into the language of specific social mechanisms that can be both effective and disastrous in specific circumstances. For example, we do not know what communism is in general and whether it can offer better forms of human community than liberal democratic capitalism. However, we know how to build a state with a planned economy and a one-party regime, and we can empirically find out what practice
of the good life the inhabitants of this state believe is correct. The same situation is with the ‘liberal democracy’.

To further develop this idea, it is important to establish the limits and restrictions of the tools we use. Unlike economic or social processes, which are usually continuous in nature, political events such as revolutions, wars, elections, demonstrations, and protests are discrete events that transpire in clear spatiotemporal coordinates (Wallerstein, 2011a, p. 67).

Thus, political science claims to be scientific are always questionable. The number of non-contextual political truths that would be true, both for ancient Sumeria and the modern world, is minimal if they exist at all. Moreover, attempts to find them in order to meet the criteria of ‘real’ scientificity lead to profound intellectual paralysis when we receive an increasing number of phenomenologically correct micro-studies, which are increasingly difficult to correlate with real political problems.

Therefore, ‘correct’ political science is, to a large extent, an applied art (Aristotle & Jowett, 1885, p. 107) that should help us solve practical problems using the ‘universal’ truths of other disciplines. In our case, this is mainly historical macrosociology, which allows us to fit discrete political decisions into a wide spatiotemporal context.

So, for example, Schmitt considered liberal democracy impossible, but only the intellectual abstractions underlying it are incompatible. By formalizing the proper space-time distance between liberal and democratic mechanisms, we could successfully resolve the emerging paradoxes and create more democratic liberalism or a more ‘liberal democracy,’ depending on the historical situation and our goals.

It is necessary to clearly understand that any military-political decisions can only postpone and smooth out economic processes. This is precisely the tragedy of the peripheralized members of the Core or semi-peripheral states. Often they could serve as the examples of brilliant management decisions that end in incredible results, but the inexorable logic of the economic structure nullifies their efforts.

The clearest example of this process is the French Revolution – universal conscription, mass civic nationalism, universal suffrage, and the bureaucratic infrastructure of direct rule. Anyway, at the end of the road, Great Britain became the hegemon of the capitalist world-system, despite its somewhat archaic government structure but also due to its superior economic organization and a dominant position in the international division of labor.

Thus, all the suggestions below should be considered only a temporary solution and an attempt at damage control. If in the second half of the 21st century, we do not witness the rise of a new hegemonic state capable of recreating regional inequality under acceptable conditions of rapid economic growth, or if the productive forces do not develop to such an extent that most of the planet's population can enjoy the standard of living of the Core, then the structure we suggested would collapse under its weight.

To concretize the concept of ‘liberal democracy,’ we shall apply to the EU the concepts of the repertoire of contention and political opportunities structure formulated by Charles Tilly (2006) in Regimes and Repertoires, as well as a concept of political order and decay by S. Huntington's (1973) Political Order in Changing Societies.

According to Tilly (2006), a political regime is a set of stably recurring transactions between elements of one political system (p. 19). The typology of political regimes for this author is defined along two axes: governmental capacity and authoritarianism-democracy (p. 25–29).

Tilly (2006) considered democracy as a political regime in which the government regularly conducts secure consultations with the population about its policies. This is only possible with a high level of governmental capacity, whereby the government can consistently administer social processes and not just sporadically select resources to maintain the military-bureaucratic superstructure (p. 23).

Additionally, the indicator of effective governance is the formation of a modern repertoire of contention. This implies a rejection of violent attempts to achieve particular interests and an appeal to universalist rhetoric when social activity goes beyond narrow group interests and tries to present itself as something generally valid, even if it is not (Tilly, 2006, p. 52–59).

This approach is deeply in line with the position of Huntington (1973), who pointed out that the problem of the functioning of society is not economic development, but the maintenance of political order (p. 1–7). Huntington also emphasized, “The problem is not to hold elections but to create organizations” (Huntington, 1973, p. 7).

The measure of political order is the level of institutionalization of political life (Huntington, 1973, p. 10–12). In the case of rapid change, the absence of stable political institutions leads to the emergence of a praetorian society, where political violence becomes the norm due to the absence of a stable and separate political sphere (Huntington, 1973, p. 195–198).

Also striving for a more differentiated approach, Tilly applied the Aristotelian classification of regimes by the number of rulers and their inner essence, precisely, whether power is exercised in the interests of the policy or the interests of private individuals (Tilly, 2006, p. 18).
Therefore, liberal democracy in this text is understood as a mixed monarch-aristocratic regime, which involves regular and protected consultations with the people (demos) on the implementation of power over them (Tilly, 2006, p. 23). At the same time, the liberal practice of the good life means the use of the modern repertoire of contention in political performance (Tilly, 2006, p. 52–59) and the depoliticization of citizens’ private lives. This definition is deeply instrumental and can be challenged since its purpose is not to know the true essence of ‘liberal democracy,’ whatever it may be, but to avoid the error of ‘Webbism’ in this work.

It is easy to see that by using the phrase ‘liberal democracy,’ we are, on the one hand, following Aristotle’s precepts and choosing a mixed form of the state as the most stable and healthy. On the other hand, we recognize that the global economic slowdown is causing progressive material inequality. It is necessary to emphasize the distinction between the broad masses of people, or demos, and the privileged minority who adhere to liberal ideals, as well as their difficult-to-reconcile contradictions. Recognizing the problem is the first step toward solving it, while the second step is implementing an institutionalized political solution.

The critical point that is worth paying attention to here is that democracy demands demos as a political entity that embodies the common will of the people, which at the first stage requires the unification of the way of life throughout the EU. Furthermore, such homogenization makes the emergence of universal requirements possible and functions as a modern repertoire of contention on the EU scale.

In the second stage, it is necessary to institutionalize the role of the sovereign (monarch), who derives their legitimacy from the people’s will and can serve as a counterweight to the aristocracy. However, it is essential to recognize that whoever holds such a position will inevitably be somewhat susceptible to corruption. Therefore, expecting the sovereign to always accurately represent the people’s will or consistently act in their best interests would be naive.

Furthermore, the existence of such a position will lead to the crystallization of the concept of the demos and the demos themselves. Moreover, it will create a point in the EU political system at which the legitimacy of power is based not on money or far-fetched concepts (values), but on the fact of voting for a particular politician. In such a way, the latest would be encouraged to lead their communities towards an ‘ever closer union,’ thus enhancing the EU’s sovereignty against external and internal forces. In turn, this would create a situation where the will of the people within the EU’s territory would no longer be an empty phrase.

The third stage inevitably follows from the previous two. Under the conditions of the ‘Thirty Years’ War,’ political decisions are inseparable from economic ones. For politics not to revolve around cultural differences and for the will of the sovereign to embody the people’s wishes, it is necessary to put the economy at the center of political discussions. This strategy will depoliticize the private life of citizens, thereby giving them the freedom to choose life strategies within socially permitted limits, which in practice could be even more expansive than the current liberal-market ‘freedom’ against the backdrop of a cancellation culture.

It should be noted that the ‘return’ of the political to the public stage creates an explicit criterion for limiting the elements of the market, which is so lacking in the work of Polanyi, who noted the fact of the Great Transformation but did not give a clear definition of the new state of affairs, limiting himself to a story about the benefits of Christianity for souls.

In this configuration, until the signal crisis of the next hegemonic state, the challenge for economic freedom is to balance the need for competitiveness with other states in the Core and Semi-Periphery while also avoiding the temptation to extend policies and practices that may harm the quality of life. It is a delicate balance, much like navigating between Scylla and Charybdis.

**Conclusion**

In the first section of this paper, we established that the decline of American hegemony has resulted in slowing economic growth, transforming the EU’s external and internal activity into a zero-sum game, and blurring the line between political and economic decisions. This undermines the resilience of the EU, which is based on a liberal faith in market dynamics.

As the level of inequality between the Core and other areas of the capitalist world-economy decreases, we find ourselves in a situation of acute shortage of resources. Thus, this forces us to abandon liberal expansion and begin to rethink liberalism in terms of the Aristotelian good life of a separate polis, which requires us to raise the question of a new institutional design of political and economic processes.

In the second section, we argued that the continuation of the EU as the current ordoliberal ‘utopia’ or military-political confederation, as proposed by the Fouche Plan, could lead to a potential decline of democratic institutions within its territory and to the peripheralization of its member states.

As an alternative, we proposed the concept of the United States of Europe, based on the idea that a safe social ‘liberal’ space can only exist within a stable political entity.

In our project, we abandoned such phantasms of liberal thought as the idea of a social contract or an ideal communicative community. In contrast, we claimed that, in reality, the political entity is constituted by the executive branch, specifically by the sovereign’s will.
To be truthful, the assumption that a European federation could be created through negotiations between elites and that common interests and living conditions can shape a European populace is the most liberal and optimistic scenario that can be realistic. Since the political and economic alternatives are much more realistic, the decline of Europe and/or Germany will make another attempt to unite a divided Europe with 'blood and iron.' In both cases, there will be a fear of big and small tyrants and the arbitrariness they create.

For this purpose, we attempted to spell out the foundations for a stable institutionalization of such a republic. Furthermore, we translated the concept of 'liberal democracy' from the language of political theory into the language of specific socio-political mechanisms that guarantee the stability of the political regime. As a result, we created a system of goals that need to be achieved in this way.

1) In our study, we defined liberal democracy as a monarchy-aristocratic regime that regularly engages in safe, two-way consultations with the demos.

2) This construction assumes the preservation of the 'liberal' aspirations of the elite to enrich themselves. However, the key to it is the existence of the demos, without which democracy and the modern repertoire of contention, which implies the possibility of peaceful protest under the slogans of general social benefit, would be impossible.

3) Demos, as a set of people united by a common interest, could arise only in the case of unification of living conditions, which requires a common social policy throughout the EU and economic convergence of member states. The European Federation should maintain its positions as close as possible to the Core and form a belt of peripheral territories under its control.

4) In the context of a large, primarily federal state, parliamentary institutions that lack their own political subjectivity cannot adequately express the people's will. This necessitates the creation of a figure of 'monarch' similar to the plebeian tribune in the Roman Republic and a sovereign capable of making decisions in times of state emergency when the political entity's integrity is at risk.

5) Under the conditions of multicultural statehood, the only way to ensure its stability is depoliticization and neutralization of cultural differences, which means that cultural differences should cease to be a reason to kill and die for them. Therefore, on the one hand, it is necessary to formalize political cleavages along the contradictions between the EU and the great powers of the capitalist world-system. On the other hand, there is a need to politicize economic contradictions concerning the distribution of material wealth between the state's elites, demos, and military-political needs.
Bibliography:

References:


