

Chapter VI

KEY CHALLENGES IN POSITING DEVELOPMENTAL SCENARIOS

The above outline of the main challenges facing Europe in the coming two to three decades has made it plainly clear how complex and potentially rife with conflict its future is. Formulating potential development scenarios requires one to select those challenges which are considered to be the most important or perilous for Europe and as such will need to be mitigated or marginalized. This selection of these basic challenges is, therefore, always to some extent underpinned by the subjective judgement of the analyst. As such, as a rule any preferences must be somewhat subjective, as well as being conscribed by a certain specific vision of a potential future Europe.

1. Europe's depopulation

At the forefront of the challenges faced by Europe is the steady decrease in Europe's ethnic population. This is a process which has been noted previously and which is progressing gradually. It is a serious issue because in global terms, especially in the Euro-Atlantic sphere, we are seeing low population growth, as well as an accelerating demographic boom in Africa and Asia. Another important consequence of this process is the ageing of the European population. According to current criteria, almost a third of the population will reach post-productive age by 2050; at the same time, the average age will continue to increase thanks to improving healthcare and developing education resulting from civilizational progress and steadily improving living conditions. Of particular importance in this context is are improving working conditions and efficiency. However, several important changes should be remembered. Firstly, we are seeing a decline of certain occupations, in particular in dirty industries. They are unlikely to vanish altogether, but they are already being transferred to poorly developed economies, mainly in post-colonial regions. It should also be noted that this will drive a growing demand for jobs in spheres where humans cannot be replaced by robots. This is one of the most serious challenges facing Europe. It should be remembered that every kind of growth is mainly rooted in the human factor, including its potential and qualifications. With progressing development, people become increasingly

WHERE IS EUROPE HEADED?

efficient and resourceful since their future development and wellbeing depend on their innovation. However, we cannot currently estimate to what extent it will become a substitute to the decreasing job supply.

2. Processes of marginalizing Europe's economic potential

Europe's economic potential should be examined from two perspectives: its real potential and the changes it faces, and by comparing this potential to that of its neighbors, especially in the context of changes on the global scale. Each of these two approaches has different optics and leads to a different assessment on the current and long-term scale.

When we examine Europe over the last two decades, we can conclude that in spite of numerous problems, in particular the 2008-2009 crisis, Europe's economic potential has continued to grow, leading to the economy to become increasingly innovative with a changing structure and employment, forcing the workforce to shift qualifications. Although the pace of growth has not been among the highest in the world, that growth has undergone qualitative changes, at least four of which are highly significant. First, even taking into account regional differences, the European economy is relatively uniform and it has become a true market economy. The shift from a socialist economy to a market economy should be seen as a major achievement (notwithstanding the nonhomogeneous degree of its success in individual post-communist countries). The second change is the expansion of the European Union, which has become an eminent modern institution providing important future solutions for the new stage of civilization, in spite of numerous internal conflicts and different interests of individual members. Thirdly, Europe – in particular the EU – is increasingly using attributes linked with the new civilization in its development; in spite of various problems, social mentality is undergoing a gradual shift, evolving from a nationalist into an internationalist attitude. While it is difficult to define the rate of this process, an important start has been made which will gradually shift this traditional mentality towards an increasingly consistent European character. Fourthly, Europe continues to be highly significant on the global scale in economic, political, and military terms.

The flip side is Europe's economic position on the global scale. In this context, we should note several important processes. In recent decades, we have seen a significant shift in the economic position of individual continents and countries around the globe. An important measure of this position is the GDP share. From this perspective, Europe's position has been seriously diminished. In 1970, its GDP share was almost 41%, falling to around 25% by 2010. However, from this perspective it is more interesting to examine the ranking of top global powers and their GDP share, as well as their share in global exports in 2015.

	State	GDP	Exports
1.	China	17.1	11.4
2.	USA	15.8	10.6
3.	India	7.0	2.1
4.	Japan	4.3	3.8
5.	Germany	3.4	7.5
6.	Russia	3.3	1.9
7.	Brazil	2.8	1.1
8.	Indonesia	2.5	0.9
9.	UK	2.4	3.7
10.	France	2.3	3.6

These numbers indicate Europe's diminishing role in the global economic potential, measured as a share of global GDP and as global exports. This top-ten ranking includes four European countries (with Germany coming in highest, in fifth position), only three of them being EU members; this serves to indicate the diminishing role of the economic powers from this region, not just in comparison with before the First or Second World Wars, but even in comparison with the 1970s. While these differences are significant in GDP terms, the case is rather different when it comes to exports. China's GDP is more than double that than of Germany, the UK, and France combined; however, the latter's combined share of world exports is over 3.5% higher than China's, which shows that the significance of Europe (in particular the EU) has not been marginalized quite so much in terms of the dominance of the global market over the development of the global economy. If we take the GDP of the EU as a whole, it accounts for an almost 7% greater share of the world GDP than China's. It should be remembered, however, that China's population is almost double that of all of Europe. This is notable since the world is developing at a faster rate than Europe and even the EU.

3. The rise of anti-developmental and anti-system ideologies

Europe is home to all possible ideologies; these include those at the opposite ends of the pro- and anti-developmental scale, ideologies which have shaped democratic and antidemocratic and authoritarian and dictatorial models, as well as liberal, protectionist, populist, xenophobic, racist, nationalist and oppressive concepts. As the world is becoming increasingly open under the influence of globalization and the digital revolution, we are seeing the propagation of ideologies infringing individual freedom, freedom of speech, private ownership and freedom

WHERE IS EUROPE HEADED?

of movement, which does not support positive development, innovation or movement of people. These concepts are especially hostile towards multiculturalism, even though it is essential for economic growth, social progress, and civilizational advancement.

Europe is certainly not immune to political models and social and economic policies becoming ideologized; if anything, the process is becoming more pronounced. From this perspective, Europe can be divided into at least two parts, neither of which are uniform. Some countries outside of the EU, with the exception of a few small states some of which aspire to become members, are implementing the liberal democratic model since it is a condition for EU ascension. In certain states, for example Switzerland, this model is already in place even though they are not striving to join the EU. In the majority of other countries, in particular Russia and Turkey, the liberal democratic model is not in place and it is extremely unlikely that it will be adopted in the near or even far future. They are states which are authoritarian towards the outside world as well as in internal affairs. Such a model would be in conflict with a drive to build empires. Their direction of change and long-term trends place them in a group of outwardly aggressive countries, oppressive in their internal politics.

However, we feel it is prudent to formulate a certain hypothesis or even general statement explaining the tendency of some EU member states to marginalize the liberal democratic model (a hypothesis that could only be verified by conducting a detailed analysis of each country), as follows: in many cases this tendency results from a lack of continuity of individual states, an insufficiently long tradition of the democratic model, and, in particular, a certain shallowness of the political elites which have been or are profoundly influenced by anti-system ideologies ensuring they remain in power for long periods of time, with conservative and leftwing populism being particularly important. The sources of this phenomenon should also be sought in the diverse nature of the cultural systems in place in different countries.

4. Multiplicity of countries highly diversified politically, economically, socially, and culturally

Europe is a collection of countries which are highly diversified in economic, social, political, and especially cultural terms, despite having a frequently shared history and territorial proximity. Although many of these states have their origins in the distant past, their enduring and largely sovereign existence has at times been periodically limited, before they could be ultimately reborn thanks to the efforts of their citizens. In some instances, this has been by chance or due to another major upheaval, such as the ends of the First and Second World Wars and the collapse of the Soviet bloc. However, it is the *mélange* of highly diversified economies and

different cultural systems that seems to have been the most important element. Without entering into detailed analysis, this diversity and these countries can be divided into a certain center, surrounded by peripheries; this division is less about the socioeconomic level and more about the local mentality, revealing itself in two ways. On one hand, this is to do with a limited understanding that the contemporary world imposes increasingly developed forms of cooperation, stepping far beyond the traditional state model, even limiting its nature or sovereignty. On the other, it is an openness to others and widening tolerance. As a result, each nation shaping a state or striving to have one sees itself as the chosen one, underappreciated for its achievements.

The issue is highly complex and extremely important for the continuing development of institutions such as the EU. If it were not for the traditionalist mentality and differences between cultural systems, the functioning of the EU would be significantly simpler and more effective. The differences cannot be ignored; at most it is possible to gain some distance from them in order to improve cooperation in certain spheres and minimalize certain problems. This is one of the most serious problems facing Europe in the near future and in the longer perspective.

5. External relations: USA – Russia

Europe has multilateral relations with the external world, ranging from positive to tense or even wholly hostile. Of particular importance are its ties with the US and Russia, very different and highly complex in both cases.

The ties between Europe – or, more precisely, the part of Europe which remains outside direct influence from Russia – and the US have been very close, especially since the collapse of the Soviet bloc, on the political, economic and military levels (in the latter case through NATO). In turn, Europe's relations with Russia have been in flux for many decades, ranging from moderately peaceful to increasingly difficult as far as conflict, at different levels and with different outcomes. The problems require a broader analysis, since in recent years have brought many changes concerning Europe's relations with the US and Russia.

Since the end of the Second World War, US policy has been highly friendly towards Western Europe, with the Americans providing economic support as part of the Marshall Plan helping to rebuild areas devastated by war and by providing military defense by creating NATO with the explicit aim of shielding and potentially protecting the region against the Soviet Union's expansionist policies. The political and military rivalry between the US and the Soviet Union had gone through different stages; the period of the Cold War was one of the most dramatic conflicts in Europe's history, even though it did not feature any arm conflict. Europe had been divided on political, economic and mainly ideological levels for almost fifty years.

WHERE IS EUROPE HEADED?

Although the political transformation of the 1990s changed the face of almost all countries of the former Eastern bloc, several of which have since joined the EU, Russia continues to play a highly important role in Europe and its own transformation has, unfortunately, not gone far enough. The policy of Russia and its president mainly boils down to striving for increased influence over politics across Europe. Despite the collapse of the Soviet bloc, certain relics of the system which had been in place for almost half a century persist in the social mentality, in certain political and social concepts, and – most of all – in the sympathy of some politicians or even social groups towards Russia. In turn, Russia, lacking sufficient economic power, tries to influence Europe, or, more precisely, certain EU states, by finding sympathizers or even supporters and interfering with individual countries' politics. It has found support among individuals and groups and even among certain governments, for example in Hungary and Slovakia. The rivalry between Russia and the EU is ongoing and takes on different forms; importantly, it is not wholly peaceful but rather it is filled with different types of conflict which may include states outside of the EU.

Recently, a serious conflict has arisen between Europe, in particular the EU, and its main external ally, namely the US. The election of Donald Trump as president of the US has had three significant outcomes which are potentially highly unfavorable for Europe and the world: the US's withdrawal from the Paris Agreement and from the Iran Nuclear Deal, and the introduction of protectionist elements in global trade by imposing tariffs on steel and aluminum. The effects of these actions are not yet clear, but their implementation may significantly complicate the international situation on the political and economic levels.

Let us try to summarize these five key challenges faced by today's Europe, which form the basis for formulating potential future developmental scenarios. Although these challenges will and are likely to continue having a decisive significance, we must also not disregard others such as various kinds of positive and negative chance events which may arise in the future. However, the above challenges are and are likely to remain enduring, at least in the coming decades. For now, we are disregarding catastrophes on a global scale, in particular any potential outbreak of another world war. In today's world, such catastrophe would extend far beyond Europe, due to the fact that many countries outside the Euro-Atlantic cultural sphere have access to nuclear weapons.