EUROPE 12.12.2018 | Thomas Fazi

The left's Stockholm syndrome

Why it's an illusion to believe that the European Union can be democratised

Read this article in German.

Though in recent years the left has been making inroads in some European countries, there is no denying that, for the most part, the right and extreme right have been more effective at tapping into the legitimate grievances of the masses disenfranchised, marginalised, impoverished and dispossessed by the forty-year-long neoliberal class war waged from above.

This, as Bill Mitchell and I argue in our book *Reclaiming the State*, is because they are the only forces that have been able to provide a (more or less coherent) response to the widespread yearning for greater territorial or national sovereignty, increasingly seen as the only way, in the absence of effective supranational mechanisms of representation at the European level, to regain some degree of collective control over politics and society.

The European elites' response to the crisis, and the decade-long stagnation and depression that it has engendered, have exposed the brutal, undemocratic and class-based logic of power underpinning the European Union and monetary union in particular, making Europe unpopular as never before and shattering many illusions regarding the possibility of achieving democratic reform and economic as well as employment growth within the boundaries of the current European institutional (and constitutional) architecture. Predictably, the EU's crisis of legitimation has been exploited by right-wing forces to peddle a reactionary vision of national sovereignty, which in turn is exacerbating Europe's centrifugal tendencies.

The EU's neoliberal structure

The mainstream left, however, continues to see it as its mission to *save Europe from itself*, by defending the European economic and integration process against the threat of neo-nationalism, in the belief that the European Union, as much as the eurozone, is compatible with a return of

social-democratic policies, a Keynesian-style re-launching of the economy and the creation of a fully fledged supranational democracy – despite all evidence to the contrary.

This position presents numerous problems, which are ultimately rooted in a failure to understand the true nature of the EU and monetary union. First of all, it effectively reduces the left to the role of defender of the status quo, thus allowing the political right to hegemonise the legitimate anti-systemic – and specifically anti-EU – grievances of citizens. It is not hard to see that if progressive change can only be implemented at the global or even European level – in other words, if the alternative to the status quo offered to electorates is one between *reactionary nationalism* and *progressive globalism* – then the left has already lost the battle.

By adopting the euro, member states effectively acquired the status of local authorities or colonies, as is becoming increasingly clear.

More crucially, however, this position ignores the fact that the EU's economic and political 'constitution' is structured to produce the very results that we are seeing today – the erosion of popular sovereignty, the massive transfer of wealth from the middle and lower classes to the upper classes, the weakening of labour, and more generally the rollback of the democratic and socioeconomic gains that had previously been achieved by the subordinate classes. Indeed, it is designed precisely to impede the kind of radical reforms to which progressive integrationists or federalists aspire.

The problem with the treaties

In the EU – and especially in the monetary union – macroeconomic policies are effectively insulated from the popular-democratic process, as member states lack the basic economic tools that would allow citizens to steer their countries' economic polices away from the Berlin-Brussels-Frankfurt consensus. The European Commission's 'ridiculously ferocious attack on Italy's mildly supportive fiscal policies', in the words of Michael Ivanovitch, former senior economist at the OECD – as well as, of course, the treatment reserved in 2015 to the SYRIZA government – provide ample proof of this.

As the late, great British economist Wynne Godley presciently wrote in 1992, 'the power to issue its own money, to make drafts on its own central bank, is the main thing which defines national independence'. Thus, by adopting the euro, member states effectively acquired the status

of local authorities or colonies, as is becoming increasingly clear. The scope of the European treaties, however, extends well beyond fiscal and monetary policy. The treaties effectively embedded neoliberalism into the very fabric of the European Union, outlawing the 'Keynesian' polices that had been commonplace in the previous decades.

That said, it is certainly true that many technical measures could be taken at the European level to stimulate the economy and make debt permanently sustainable, even within the current treaties. Countless such proposals have been put forward over the years. But the current balance of power among the member countries and the neoliberal path dependency of the European Union and eurozone makes such change politically unviable.

We need to reclaim the nation-state

Still less realisable is a radical reform of the treaties in a more solidaristic and Keynesian direction. This would require a 'eurozone government' to run budget deficits with the support of a reformed ECB, full debt mutualisation, permanent fiscal transfers between countries, and so on. Let's take a minute to think about what such sweeping institutional reform would entail. First of all, it would require left-wing governments coming to power in every single country of the union more or less at the same time (we have already seen what happens when one country tries to go it alone). After all, the only way to modify the treaties is through unanimity in the European Council. One doesn't have to be particularly pessimistic to see why that is never going to happen.

The true value of the European project is in its capacity to deliver a rule of law throughout Europe and engender multilateral cooperation.

Moreover, even in the unlikely event of a simultaneous, international alignment of left-wing governments, there is little reason to believe that Germany and the other countries of the 'ordoliberal bloc' would ever be part of such an alliance, considering the deeply engrained anti-Keynesianism of Germany's monetary and political establishment. Indeed, any hopes that the new German government might be more inclined to a sensible reform of the European Monetary Union (EMU) were dashed by the country's new finance minister, the Social Democrat Olaf Scholz, who made clear that Germany would not entertain any

expansion of the European Union's fiscal capacity (thus rejecting Emmanuel Macron's proposals, which in themselves were problematic) and would delay other 'reforms' that Germany had previously suggested it would support.

In this context, as mentioned, for the left to insist on 'European reform' is tantamount to relinquishing the discursive and political battleground for a post-neoliberal hegemony to the right. It needn't be this way, however. The current crisis of the EU and monetary union should not be seen as a cause for despair but rather as an opportunity for the left to embrace (once again) a progressive, emancipatory vision of national sovereignty. This needn't necessarily come at the expense of European cooperation. On the contrary, there is ample evidence that the vice-like grip of the single currency, by exacerbating intra-European divergences and causing widespread social devastation, is now endangering the beneficial aspects that have accompanied the formation of the European Union.

The true value of the European project is in its capacity to deliver a rule of law throughout Europe and engender multilateral cooperation on matters such as immigration, climate change, human trafficking, and global concerns that single nations cannot solve alone. Returning to national governments the monetary and fiscal tools needed to provide for the well-being of their citizens would not undermine that sort of cooperation. On the contrary, it would provide the basis for a renewed European project – and more in general for a new international(ist) world order – based on multilateral cooperation between sovereign states.



Thomas Fazi
Rom

Thomas Fazi is a journalist, activist and author of the book 'The Battle for Europe: How an Elite Hijacked a Continent - and How We Can Take It Back' (2014). Fazi regularly writes articles for online and print magazines such as Social Europe Journal, openDemocracy and il manifesto.