

Review - The Left Case Against the EU

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THOMAS FAZI, MAY 5 2019

The Left Case Against the EU
by Costas Lapavitsas
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Costas Lapavitsas' new book, *The Left Case Against the EU*, couldn't have come at a better time. As the Brexit debate rages on, the pro-European establishment and the mainstream media have upped the ante of their propaganda. Each week seems to produce a new chapter for the Brexit scare story: withdrawing from the European Union (EU) will be an economic disaster for the UK; the country will soon run of food and medicines; tens (if not hundreds) of thousands of jobs will be lost; human rights will be eviscerated; the principles of fair trials, free speech, and decent labour standards will all be compromised. In short, Brexit will transform Britain into a dystopia, a failed state—or worse, an international pariah—cut off from the civilised world.

As I have argued elsewhere, such claims are largely unfounded. In the words of Ashoka Mody, former deputy director of the International Monetary Fund's Research and European Departments, the Brexit scare stories 'have no basis in sound economics'. However, that the British ruling elite should resort to such tactics in the hope of derailing Brexit is hardly surprising; as Lapavitsas writes, 'from the perspective of British capital, and especially of the financial sector based in the City of London, there is no trade arrangement that is superior to the neoliberal framework provided by the EU'.

More worrying is the fact that such claims are often echoed by the left, in the UK and elsewhere. This is highly problematic: as Bill Mitchell and I contend in our book *Reclaiming the State*, the notion that '*après EU, le déluge*'—that there is no alternative to the EU and/or to the euro or that the alternative is inevitably bound to be worse than the woes any country might be facing at present—is one of the main reasons why the various shades of the European left, except for a few notable exceptions (such as Jean-Luc Mélenchon in France), have been largely unable to tap into the political energy unleashed by the anti-establishment—if not explicitly anti-EU and anti-euro—backlash that has engulfed the continent in recent years, and are being reduced to parliamentary insignificance almost everywhere.

The fantasies of the pro-European left

The UK is a good case in point: though the Labour Party has experienced a surge in popularity since old-school leftist Jeremy Corbyn was elected leader in 2015, the fact that the majority of British voters (including, even more tellingly, the majority of Labour and working class constituencies) opted for Brexit, despite the Labour Party campaigning on a Remain platform, is paradigmatic of this rift between left parties and society at large (and especially the working classes). The strong pro-integrationist stance of the bulk of the Labour Party—which, as is well known, is not shared by Corbyn—is, of course, symptomatic of a deeper malaise, characteristic of all European social-democratic parties: its (more or less conscious) embrace of the kind of neoliberal policies that the EU embodies and which citizens are now revolting against (and which Corbyn is struggling to challenge from within the party ranks).

The tabooisation and marginalisation of the 'exit' issue is also the reason why, in those rare cases where the left has managed to ride the anti-systemic wave into government—most notably in Lapavitsas' native Greece—it was soon forced to give up on any prospect of radical (or even mild) progressive reform (the reasons for SYRIZA's capitulation are analysed in detail in the book). The flipside of the left's refusal to openly challenge the eurozone

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and/or the EU is its (self-)delusion that these institutions can be reformed in a progressive direction, despite all evidence to the contrary (not to mention the brutal treatment of Greece). The 'remain and reform' position of most of the British left vis-à-vis Brexit is, once again, a perfect case in point. One of the most vocal advocates of this approach is the journalist and commentator Paul Mason. In a recent article he argued that the British left should oppose Brexit and 'lead a radical, socialist revolution across Europe'. To begin with, Mason writes, it should 'scrap the Lisbon Treaty' and 'fight for a Europe-wide employment policy, with incentives and disincentives, aimed at forcing welfare and wage levels upwards'. This is a policy that would require left-wing governments coming to power in every single country of the union, given that the only way to modify the treaties is through unanimity in the European Council.

It is precisely such rosy-eyed fantasies that Lapavitsas' book so mercilessly shatters. He notes that the stance of the pro-EU—and, in the British context, anti-Brexit—left is ultimately rooted in a failure to understand the true nature of the European Union and monetary union, and thus the true nature of Europe's existential crisis. The dominant left current, Lapavitsas writes, continues to view the regime of austerity imposed across the eurozone following the financial crisis, and more in general the EU's relentless (neo)liberalising push (when it is acknowledged), as simply contingent upon the balance of power across Europe—largely tilted towards neoliberal centrist parties—or 'more generically as expressing the prevalence of neoliberalism across mature capitalist countries'.

The political conclusion drawn is that the left ought to separate the mechanisms of the EMU [Economic and Monetary Union, commonly known as the eurozone] and the EU from their neoliberal political baggage, thus allowing the same mechanisms to promote national and working-class solidarity across Europe. For much of the European left it is an article of faith that the EMU and the EU should be defended in the name of internationalism, while being criticized for their neoliberal policies (p. 10).

'Nothing could be more misleading than this perspective', Lapavitsas notes. 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. 'Given this overriding reality', Lapavitsas writes, 'to hope that the outlook of the EMU and the EU could be altered through the simultaneous election of left-wing governments in core countries, drawing upon common anti-neoliberal policies and supported by grassroots workers' movements, is to add fantasy to misunderstanding' (p. 11).

Europe: a polity without a *demos*

The structural irreformability of the European Union—at least in the direction hoped for by progressive integrationists: i.e. that of a fully-fledged supranational democratic federation and fiscal union, comprising a 'European treasury' capable of running budget deficits with the support of the ECB, permanent and substantial fiscal transfers from the richer countries/regions to the poorer ones, etc.—isn't just a question of political arithmetic. On a more fundamental level, Lapavitsas argues, it has to do with the very nature of democracy itself. As the term suggests, and as history illustrates, democracy presupposes the existence of an underlying '*demos*'—a political community, usually (though not exclusively) defined by a shared and relatively homogenous language, culture, history, normative system, etc. —'the majority of [whose members] feel sufficiently connected to each other to voluntarily commit to a democratic discourse and to a related decision-making process' (Cederman 2001, p. 224), and therefore to accept the legitimacy of government and majority rule. Furthermore, in modern states and federations, with highly developed welfare states, such an identification is crucial in generating the affective ties and bonds of solidarity that are needed to legitimise and sustain redistributive policies between classes and/or regions. Simply put, if there is no *demos*, there can be no effective democracy, let alone a *social* democracy.

It is no coincidence that democracy evolved within the confines of the nation-state, since historically this has been the only political entity capable of giving rise to communities sufficiently large, in demographic and territorial terms, to guarantee their reproduction, but also sufficiently homogenous to guarantee democratic legitimacy. In

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this sense, the notion that the solution to EU's democratic deficit consists in its parliamentarisation—that is, in granting the European Parliament (EP) full legislative powers as in any parliamentary democracy—fails to acknowledge the fundamental obstacle to the creation of a European supranational democracy: the lack of a European *demos*. As Lapavitsas writes:

The absence of a European *demos* with its integral class divisions prevents the existence of 'normal' politics in the EU. There are no social cleavages applying uniformly across EU member states that could be organically reflected in political contestation within EU institutions. ... No class or other social divisions in Europe take a homogeneous 'European' form, for there are no occupational, organizational, habitual, cultural, and historical norms able to create such an overarching social integration (p. 11).

He further notes that this is not likely to change any time soon:

A single polity and *demos* in the EU cannot be created by diktat, and much less by stealth. The notion that there could ever be an overarching 'European' state with sufficient power to replicate the monetary practices of the US state is a figment of the bureaucratic and the academic imagination. It would take major historical events for the peoples of Europe to accept that the public debt of one country would be the direct responsibility of the government and the people of another. ...The euro was a 'faulty' compromise, but that was inevitable among several independent nation states that created the EMU (p. 36).

The EU: a neoliberal dream come true

Interestingly, as Lapavitsas recalls, this was well understood by one of the intellectual forefathers of neoliberalism (and, many would argue, of the EU itself): Friedrich Hayek. In 1939, Hayek theorised that a European 'interstate federation' of economically and politically heterogeneous states would be desirable precisely because it would prevent democratic control of the economy, not only at the national level (since a federation implies individual member states giving up control of their economies) but also, importantly, at the federal level, because 'in a federation of national states, the variety of interests is greater while the sense of common identity will be weaker than it is in individual countries' (Streeck 2014, p. 99). Consequently, 'the union would inevitably veer toward the lowest common denominator with regard to tariffs, industrial policy, labour market policy, and other forms of state intervention' (p. 16); its economic policy would largely be bound by pre-established rules and as far removed as possible from the democratic decision-making process. Thus, Lapavitsas notes, '[f]or Hayek, once the single market was in place, the only feasible direction of movement would be toward "liberalism", and in this respect his thinking has been largely confirmed' (p. 17). In this sense the architecture of the EU—and particularly of the EMU—that emerged was the only possible one.

The structurally post-democratic nature of the EU, which fundamentally depends on the lack of a European *demos*, as mentioned, has serious constitutional implications, argues Lapavitsas. That is because the so-called *acquis communautaire*—the accumulated legislation, legal acts, and court decisions which constitute the body of EU law—'has not resulted from a democratic political process similar to that found in several European countries which involves contest and accountability in making laws. Rather, it represents a *de facto* accretion of laws that derive whatever legitimacy they have from the power of the bodies that have promulgated them. In a profound sense the *acquis* lacks democratic credentials and is suspended by its own bootstraps, and for this reason is extremely important to the Single Market. The *acquis* is an enormous body of legislation that is self-standing, remote from democratic processes, and able to act as a seemingly independent guarantor of the functioning of the single market' (p. 17).

This effective European 'constitution' 'formulates a specific economic philosophy (or ideology) on which it then bases—or rather "constitutionalises"—detailed regulations that frame its economic policy'. It does this also by anchoring norms and regulations within national constitutions, thus progressively hollowing them out from the inside. This gives immense powers to the European Court of Justice (ECJ), which has the final word on legal disputes between national governments and EU institutions. It is no surprise that Alec Stone Sweet, an international law expert, termed it a 'juridical coup d'état'. As Lapavitsas writes, over the years the ECJ—an

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institution that 'evidently lacks the democratic legitimacy afforded to national constitutional courts through the usual democratic political process, and [which is not] subject to similar constraints of accountability'—has gradually elevated itself into the enforcer of the neoliberal transformation of the EU: 'Particularly since the Maastricht Treaty, the rulings of the ECJ have crucially influenced the ability of member states to formulate national policies. ... A veritable machine has been created for the relentless application of neoliberal ideology across Europe, which demands "harmonization" of national legislation on the presumption of the superiority of EU law and at the cost of hefty fines' (pp. 116-117).

In this sense, the EU represents a return to the self-legitimising, autochthonous powers of the pre-democratic age. It is important to note that the EU's constraints on left-wing policies don't just apply to eurozone countries—though these are obviously much more constrained due their lack of monetary sovereignty—but to all member states. In a recent article, Lapavitsas noted that '[i]n three interrelated areas EU rules would place severe restrictions on a future Corbyn government: state aid, public procurement and nationalization' and that '[t]hese are not minor issues. They lie at the heart of any attempt to transform Britain's economy in a socialist direction.'

Reclaiming sovereignty

Faced with this unforgiving reality, Lapavitsas argues that it is imperative for the European left to come to terms with the EU's fundamental irreformability, and to fully embrace the demand for popular sovereignty—which inevitably translates into a demand for greater national sovereignty—springing from the continent's subordinate classes, as exemplified by Brexit, the *gilets jaunes* in France, the political upheaval in Italy, etc. '[P]opular sovereignty', he writes, 'is immediately and directly understood by the plebeian strata because it means having a say on the conditions of life in the neighbourhood, the local community, the town, and the city. And insofar as popular sovereignty stretches in practice over the mechanisms determining national economic and social policies, it blends perceptibly into national sovereignty' (pp. 4-5). Articulating this demand entails, of course, a radical rejection of the EU and particularly of the EMU, for those countries that are part of it.

However, Lapavitsas notes, reclaiming national sovereignty is a necessary but in itself insufficient condition for re-establishing popular sovereignty. To truly transform society, working people will have to contest the national levers of power at all levels: communal mechanisms, the institutions of local authority, the local and national electoral process, the mass media, the executive machinery of the state, and so on. In short, they will have to strive to constitute 'the nation' (p.130). This—he concludes—is the basis on which to develop a strategy for the left in Europe today. In this context, Brexit should not be seen as a cause for despair but rather 'as a historical opportunity [for the left] to transform Britain's economy, free from the constraints of the Single Market'.

Overall, *The Left Case Against the EU* represents an important and timely contribution to the left debate over the European Union. Its only flaw is perhaps an overreliance on arguments already presented in previous books by the author – particularly the detailed reconstruction of the causes and dynamics of the euro crisis, which may be of lesser interest to British readers. Given the title, the book may have benefited by a narrower focus on the EU itself rather than on monetary union. Nonetheless, Lapavitsas' case remains a strong one—far stronger than the one made by those on the opposing side of the debate.

References

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Thomas Fazi is a writer, journalist and activist. He is the author of *The Battle for Europe: How an Elite Hijacked a Continent – and How We Can Take It Back* (Pluto, 2014) and *Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World*, co-authored with economist Bill Mitchell (Pluto, 2017).