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After OXI and Brexit

The Crisis of the European Union and the Left

- Debate - European Union -

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Within a year two populations of Europe – one in the south, the other in the north – have voted against the EU and its policy. They did this out of entirely different motives and with different aims. Whereas on 5 July 2015 the Greek OXI was directed against the austerity dictates of the Troika and the degradation of Greece to the state of a semi-colonial country, the British Brexit above all was characterized by the fear of “foreigners” and the desire to escape from the freedom of movement in the EU. But at the same time the Brexit expressed the desire to settle accounts with the ruling political elites. Whereas the left was the driving force of the Greek NO, the British NO was captured by the right.

I – The crisis of the EU

The world economic crisis of 2008 brought the EU to a deep crisis manifesting itself first as a crisis of the euro and then as the “refugee crisis”. The causes of these crises are not overcome: the financial system has not been held in leash and the social inequality within and between the member states has increased enormously. The exclusion of Greece from the euro zone is still not out of the question. At the same time the ruling elites have to fear that the Brexit will set a precedent even in the founder members of the EEC (e.g. in France or in the Netherlands).

Once more the EU is at a turning point. Whether the ruling elites can succeed in stabilizing the European Monetary Union is not certain. And whether such a stabilization would improve the situation of the dependent classes is doubtful. A collapse of the common currency and a disintegration of the EU are no longer unthinkable – it would mean the end of the central political project of the bourgeoisie of at least the core European countries since the Second World War.

1) In the jungle of capital competition: the institutional crisis

The EU's fundamental disease is linked to its social character: it has been a project of the capitalist class up to now. The EU has been built to ensure the freedom of capital and trade flows – first as customs union, then as internal market and monetary union, but without a common political government and without a social adjustment and a common liability. Thus the building up of European power structures has followed the pattern of the formation of the German national state, finally realized in 1871: first the customs union, followed by the internal market linked to the introduction of the reichsmark.

But whereas in the German empire the first fragments of a system of social security appeared as well as a political union in form of the Reichstag (which became a full expression of people's sovereignty only after the German revolution of 1918/19), the EU up to now did not become a social and political union – and there are only rudimentary beginnings of a collaboration of the police and the military. The sector of the economy that – after the coal, iron and steel industries – was the first one to be integrated into the Community was the commercial policy. It remains therefore exclusively under the responsibility of the European Commission.

There are different sources for the founding idea of an “ever closer union among the peoples of Europe” (Treaty of Rome, 1957): the Cold War and the defeat of the “traditional enmity” between France and Germany by the common control of the coal, iron and steel industries. But the driving force for the development of this project is up to now the constantly increasing centralization and transnationalization of capital, which rules over ever-increasing economic

areas and is forced to build transnational (European) economic and financial structures, but remains captive of its nation-state foundation. This is an expression of the basic structure of the capitalist mode of production: it is based upon the competition between single capitalists and offers no opportunity for a cross-border running of resources in a cooperative way.

The idea of competition runs all the way through all European treaties: competition inwards and competition towards the exterior. The best formulation of this fact is to be found in the Presidency conclusions of the Lisbon European Council (23 and 24 March 2000), where the Union set as its “strategic goal ... to become the most competitive and dynamic knowledge-based economy in the world”. Inwards the competing capital groups make use of the national governments to achieve shares of the market and locational advantages; outwardly they need the weight of the European internal market and the euro as well as the unanimous appearance of the EU as trading power to assert its interests towards the American, Asian etc. competitors.

It is not the European Commission that is the dominant factor in the EU, as the Lexit campaign in the UK has erroneously claimed, but the European Council of the heads of states and governments of the EU member states (“the member states are the masters of the treaties”, as it is constantly repeated by Merkel). But they see themselves first of all as champions of the interests of “their” big capital groups and associations and not as champions of the interests of “their” populations – not even as builders of a common house named Europe (see e.g. Germany’s constant refusal during the euro crisis to contract a pan-European liability for countries especially affected by the banking crisis; or the refusal of most member states to take a common responsibility for the admission of refugees).

It may be true that 80 per cent of the laws voted in the national parliaments have their origins in Brussels and that they entirely follow the neo-liberal agenda of European capital. But none of the Commission’s drafts will become a guideline without the approval of the national governments. And the lobbyists of enterprises – among them also leading politicians of the member states – are often co-authors of those drafts.

Moreover, there is no European election law: the populations remain nationally split (a fact that corresponds to the principle of competition). The politicians are only responsible to the populations of their national state, not to a pan-European sovereign. This leads to the schizophrenic behaviour that they like to boast “at home” about what they have achieved in Brussels “for us” during negotiations whereas they refuse to take any responsibility for their voting in Brussels: “Brussels”, the EU – these are always some other people.

A recent classical example for this behaviour was Cameron’s dealing with the British referendum. At the same time he was for and against the EU: for years he had challenged the core idea of the EU, i.e. an ever closer union, because his conservative electorate is against it. But he opposed an exit from the EU, because the London City vehemently opposed leaving it. Thus he simultaneously served the mundane interests of finance capital as well as the provincial mood of the right-wing electorate.

In other words: the EU’s capitalist nature prevents the EU to become an ecological and democratic project marked by social solidarity. On the contrary, the growing social inequality produces new power relations and dependencies between the member states and endangers even the capitalist project. On the other hand, working people have no interest to support this project. The EU was not made for them. But neither has the working class any interest in having only decay and no alternative. The numerous wars Europe has witnessed teach us that only under very rare occasions military conflicts could be transformed into revolutions. The working class must conceive its own European project, and time’s running short.

2) The economic crisis: no sacrifice for the Euro!

For the capitalist class (not only) in the euro zone the stabilization of the euro has become the most important *raison d'Être* of the EU. The common currency lowers not only the costs of the accession to the European markets and makes this access easier – for the member states as well as for non-European capital. It also provides European capital with the necessary weight to compete in the concert of the great. Without the euro the individual member states soon would no longer be able to sit at the table of the G8 – not even Germany. Therefore it is no stylistic or moral confusion when Merkel says: “A failure of the euro would mean a failure of Europe.” From a capitalist viewpoint this is entirely correct; with her remark Merkel elucidates the real meaning of the EU. (The meaning of the external impact of the euro became obvious during the euro crisis: during her visit to China in 2012 Merkel realized that China would sell off its money market funds in euro if the euro zone could not be held together and Greece had to leave the zone. Back in Germany Merkel insisted on Greece remaining in the euro zone.)

Yet things aren't looking too good for the euro. As a common project it suffers from the internal contradictions of the EU. The euro can only be as stable as the Economic Monetary Union (EMU) that underlies the euro. The economies of the EMU are drifting apart. This was the case already before the introduction of the euro, during the recessions of the 1960s and 1970s. This drifting apart was expressed by the diverging inflation rates which finally led to the failure of the “snake in the tunnel”, the first attempt at European monetary cooperation in the 1970s. Upon the wave of the New Economy boom the introduction of the euro and with it the reduction of interest rates on government bonds in all countries of the euro zone at first worked as a stimulus and inflated the financial and real estate sector. This allowed for some time to hide the fact that the current accounts in the euro zone were dramatically drifting apart. Now the different productivity levels collide, and the economies benefiting most from it are of course those with a higher productivity, above all Germany's.

The financial crisis of 2008 brought these disparities to light. During the crisis each member state was above all interested in saving its own banks. The sums involved drastically went beyond the efficiency of most countries; thus a common liability of the euro zone would have been necessary if the whole construction of the monetary union was not to break down. Yet the German government refused long time to approve a common rescue fund, European government bonds or a European banking supervision because it yields to chauvinistic sentiments among the electorate: “We don't pay for the lazy Greeks.” Finally it had to give in, but it did this at the price of dictating an intolerable budget discipline to other countries. These countries suffer thereby from the weight of enormous debts and are actually driven into a structural economic dependency. A deep split is thereby opening up between northern and southern Europe.

For Germany and a group of states closest to it the euro and the anti-inflation and competition-oriented policy linked to the euro (key word: debt brake) have now become a main instrument for the political domination of Europe. For some countries of southern Europe their structural debt and the resulting dependency from their northern credit grantors became an essential problem. They must get out of the debt bondage if they will ever be able to follow their own development. For them the exit from the euro is a first step. For the countries in the northern half of Europe the problem is different: here are the governments that take the main responsibility for the upheavels in the EU. The main task here is to remove those governments in order to overthrow the power of the finance sector and the big capital groups as well as to fight chauvinist sentiments among working people. Otherwise an exit from the euro wouldn't mean any help. The austerity policy has to be fought in all countries but the positions of the individual member states within the EU power structure are different. In its centre the problems look quite different than in the periphery.

3) Project “core Europe”

To insist on the nation states being the “masters of treaties” is a tight-rope walk as has been shown by the euro crisis and the Brexit. The Brexit undermines British capital more than the EU. Britain does not lead the Euro, and none of the right-wing currents is interested in breaking away from the European internal market. They rather use the result of the referendum to negotiate even more exceptions to its regulations, especially the abolition of the freedom of circulation. Those who see the Brexit as the beginning of the end of the EU will be deceived. The EU is too

important for capital. With Britain's membership the EU would lose a net payer and an important pillar of the military union. Possible transfers of enterprise locations and financial centres to the continent would strengthen competing European locations. The biggest fear roused by the Brexit among the ruling elites is the idea that it could set a precedent in core countries of the European community.

Since the euro crisis and in defiance of all manifest anti-European feelings efforts are therefore increasingly made to deepen European integration. The European banking union is a first step to common liability. Moreover, in 2012 the Presidents of the European Commission and of the European Council respectively presented drafts for a core Europe formed by members of the euro zone. Both drafts include a euro zone budget comprising financial instruments for hardship allowances: in the European Commission's drawers there are plans for a European unemployment insurance, a European pension fund and a European minimum wage. The member states still don't want anything to do with it. And it does not mean that the EU has now detected its social side: such measures will be combined with the condition that each country of the euro zone is obliged by a bilateral contract to keep more budget discipline and to carry out more "reforms" as well as to realize the Commission's annual recommendations. Moreover, the Commission is preparing guidelines for a more flexible labour market, which are to replace the labour laws from the post-war era. Attacks like the law on bargaining unity or the "reform" of the labour code in France (and some years ago the abolition of article 18 of the Italian labour code) show the trend. From Denmark, which is not part of the euro zone, the Commission intends to adopt the automatic adjustment of the retirement age to the growing life expectancy.

From the Liberal fraction in the European Parliament comes a proposal for a common finance minister, a common foreign secretary, the transfer of so-called "rescue instruments" like the European Stability Mechanism and the European Fiscal Compact under EU law, a common debt fund as well as euro bonds and a European budget with its own taxes and a reduction of the European Commission.

This leads to a harmonization, but it is a harmonization moving downward.

Around such a core Europe there would be associated members which would have different status corresponding to their economic strength. Southern European countries would drop to the condition of dependent economies. For the working class such a deepening of the European integration would mean a considerable aggravation of the attacks against its achievements – regardless of a partial progress that may be made in the area of a social minimum standard. Moreover, the European model would become even more undemocratic since there is no perspective of the European Parliament becoming a full parliament with complete legislation competence and no device to express jointly the will of the populations of the euro zone. Against those plans a determined resistance is necessary that has to be coordinated on a Europe-wide scale. But for a while those drafts have been put back into the drawers, because they would imply a changing of the treaties, and that means that they would have to be ratified again by the national parliaments – and could be rejected.

II – The left and the EU

The British referendum was a good example of how the ruling class is using the EU as a scapegoat for its own policy when it is suitable and it wants to cause confusion in order not to be obliged to pay the political price for its policy. A population that for decades has been suffering from de-industrialization, privatization and concentration upon the financial sector (London is today the world's second most important financial centre) was fooled to believe that the negative results of all that were due to "Brussels" and its immigration policy. The British left walked right into that trap.

1) The referendum – a summer theatre

The call for a Lexit attacks merely the (erroneously claimed) dominating role of non-elected European institutions like the European Commission and the European Central Bank (ECB). It says no word about the responsibility of the Thatcher government for the industrial degradation of Britain, about the co-responsibility of the London City for the financial crisis or about Cameron's responsibility for an increasing wage pressure (after all it was Cameron who had opened the doors for migrant workers from eastern Europe in the early 2000s without granting them the same working conditions). And not one word about the fact that it was the British government that for decades had blocked even the slightest progress in direction of a European social union. Together with France Britain was prominent in erecting walls against refugees since the end of the 1990s, in destroying the Mare Nostrum initiative and in militarizing the anti-refugee policy. The majority of the British trade unions and the Labour Party offered no resistance to the arch-conservative Tory policy on Europe – on the contrary, the social-chauvinist line “British jobs for British workers” has a long tradition in the British working class.

Thus the doors were open for an unprecedented racist campaign launched above all against migrants from eastern countries of the EU and including physical assaults and even murder. The keynote of the campaign – rejection of the freedom of movement within the EU – was as wide-spread in the Remain camp as in the Brexit camp. This bias can't be denied, though there may be involved a lot of real impoverishment, social fears and hatred for the political elites and their “system”.

The hope of those on the left who greeted the Brexit euphorically as “progress” will not come true. The Tories have rapidly overcome their leadership crisis; Cameron is gone, but the Tories undergo a process of UKIPisation. The only bright spot on the horizon is the possibility of Corbyn remaining the party leader and, eventually, the split-off of Scotland. The anti-capitalist (and anti-EU) left is far behind and split as ever, unable to take political profit from the leadership crisis of the Tories.

2) Social chauvinism

Two problems have been disclosed by the result of the referendum: – First of all, the left is deceived by a wrong problem: an anti-capitalist left should not “choose” between variations of a bourgeois state, still less if one part is only an appendix of the other one. In an imperialist country like Britain the left has to disclose the wrong game of the government and to oppose the chauvinist mood linked to the anti-EU agitation of the right. For the anti-capitalist left the main enemy sits in London, not in Brussels. It need not mitigate its own anti-EU attitude but its main target must be its own government. Instead important parts of the British radical left played the same game as the government and failed completely. We can be proud that our British section decided to launch a campaign directed mainly against the racist hysteria even if this meant calling for a Remain vote.

My argument here is not that the call for a Remain vote was the only possible way; my argument is that the Lexiters failed to concentrate their campaign against the way the ruling Tories led the referendum and what their intention was. Thereby they played the same game as the Tories shifting the responsibility for the social situation at home entirely to the EU.

Secondly, the Brexit getting such a high consent in certain working-class milieus raises the question how the left wants to deal with the inroads of chauvinism into the working class and the open flank it offers to the right. This is not only a British phenomenon and not a really new one. For a long time, we have seen the same in former industrial regions of eastern and northern France, in northern Italy, in Scandinavia, in eastern Europe and finally also in Germany, where we did not need to wait for the electoral successes of the extreme right-wing AfD in order to know that for years a proportion of 20 per cent of trade-union members are open-minded to right-wing slogans. That the extreme right in northern European countries is stronger than in southern Europe is partially due to the imperialist role of the former countries: they can offer their “importance in the international arena” as compensation even to those at home who have a really hard time. Moreover, the corporatist policies of some trade-union leaderships

strengthen the ideological ties of the working class to its own bourgeoisie. (There are specific reasons for the massive growth of the extreme right in eastern Europe.)

An anti-racist work that is limited to the unmasking of the wickedness and anti-working class character of the extreme right will not lead far if it does not successfully attack the social chauvinism within our own class.

3) Transnationalization

The workers movement has difficulty in replying to the transnationalization (and Europeanization) of capital. Difficulties with a language, lacking material means and different forms of company employment representation are often impediments to immediate contacts between the workforce of different companies in different countries. To keep them permanently alive organizations are needed and, remarkably, very often NGOs and not trade unions are acting as such (especially in the struggles in the global south). Yet, whenever transnational labour struggles take place they are often quite successful.

The trade unions have certainly built international and European structures, but these are study or lobby organizations. They lack the competence to organize labour struggles of their own accord on a European level. The trade unions jealously pay attention not to lose control over the organization of the relationship between labour and capital. (An exception are the seafarers, who were always inevitably networked and capable of common labour struggles – thus they brought down the “ports package”.)

Thereby repeating the pattern required by the nation states the trade unions however are not able to build capable European structures parallel to their national structures – unlike the bourgeoisie. They play therefore hardly a role in important decisions like the Fiscal Compact or the Services Directive. At most they are able to organize impressive manifestations in Brussels. The European Trade Union Confederation is a lobby structure that cannot compete with the employers’ lobby organizations. What a contrast to the anti-TTIP mobilizations!

4) Inside or outside?

Because the labour movement is short of a weight of its own that could be brought to bear to realize ideas of a social Europe, the positions of the left range from reform of the EU to leaving the EU. But simply counter-posing both lacks any social content.

Trade unions that see themselves as social partners accept the framework set up by capital. Thus they only want to improve the EU. The same is true for the social democratic and reform-oriented left: In order to become more effective they see a solution in greater legal capacities for the European Parliament and in the last instance in a European federal state or a European republic. More powers for the European Parliament are properly speaking not wrong though it is debatable whether the classical form of parliamentary democracy is sufficient to give the European citizens enough say. But the idea of a European central state that does not question its capitalist character comes dangerously close to the prospect of a “core Europe”.

There is no other choice but leaving the EU. But where this leads to depends upon who is leading the process: the left or the reactionary right. If the left wants to lead it it will have to meet two requirements: – It has to topple the ruling class from power in its own country, i.e. to give the class struggle in its own country the highest priority. – It has to be capable to promote European social movements, including labour struggles. Then the opposition of “inside or outside” will lose its strictness. For as long as the EU exists it will of course be necessary to influence European legislation procedures and to develop our own ideas how to build a democratic Europe marked by social solidarity.

5) Which Europe do we want?

One argument for leaving the EU was that the EU was undemocratic because it meant the transfer of legal capacities and controlling functions. This, too, is an argument that is not class-specific. It originates from a concept of the state that does not regard as central the democratic self-determination of its citizens but the right of the state to have the last word on all matters of supranational concern. For instance, the rulings of the German constitutional court are marked by this attitude: the German parliament must have the last word. It's no accident that this argument is put forward above all by the conservative right – it corresponds to their view that the state is the central political protagonist. But there are also left-wing souverainistes, above all in France.

A socialist left has a different view. They regard social classes as the central political protagonists. The given nation state is a bourgeois one with the bourgeoisie as its ruling class that tolerates democratic efforts only as long as it does not lose its control over the events. If necessary the bourgeoisie simply undermines the rights of the parliament or of trade unions – e.g. when the German MPs are pressed into a legislation procedure they can no longer control because of information explosions and fast proceedings. The bourgeoisie considers democracy to be the rule of law for safeguarding private property. For a long time also in Germany a transfer of the legislature from the parliament to the government has taken place. And nobody can claim that “we” – i.e. the MPs (a very reduced “we”) – had really decided on the EU bail-out package for Greece. The decision was made by the executive working on behalf of the ruling class; the MPs were only permitted to nod approval. The term “national sovereignty” obscures this fact.

The fault of the EU is not that there has been a partial transfer of sovereignty from the national to the European level. The fault is that this transfer is taking place consciously and deliberately in an undemocratic manner – with non-elected institutions not responsible to the electorate and with a European Parliament being only a parliament in name.

The global problems we are faced with today – mass unemployment, hunger, a growing social inequality within states and between them, climate change, refugee waves – are problems that can no longer be resolved on a national scale. Moreover, the global resources are distributed unequally. If we do not want them to be appropriated by (structural or naked) violence we will need the readiness to share and to a common liability – thus we need cooperative procedures and decision-making structures on a transnational (European) level.

They need not only to be democratically legitimized but they have to be constructed in a way that only those decisions are made on a transnational level that cannot be made on the lower ones. And they have to be constructed in a way that despite the rather distant transnational decisions a maximum of people can participate. The hitherto existing model of the bourgeois nation state – parliamentary democracy – is not suited to it. We need a new model of participatory democracy which strengthens the local level and renders the transnational level more accountable and transparent.

Such a “left-wing subsidiarity model” would be underpinned by a far-reaching de-globalization of production bringing again the production of the social wealth to the consumers as near as possible and complying with their needs and not with the shareholders' profit expectations. A de-centralized energy supply based upon 100 per cent renewable energy makes it possible today and can create more autonomy for smaller communities.

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