

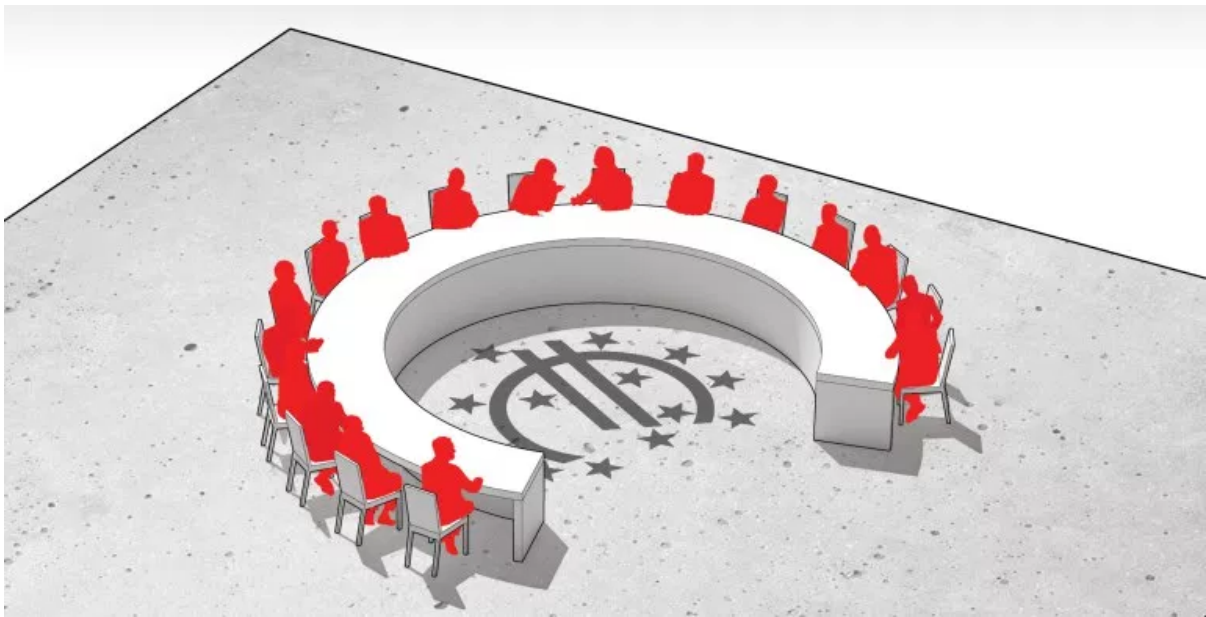


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European Union as Class Project and Imperialist Strategy

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Questions regarding the character of the European Union as a class project have not received the attention they deserve in Marxist debates, despite important interventions by some Marxists who have attempted to theorize “European Integration.”¹ In contrast to the tendency to theorize the European Integration process as the evolution of a federation or confederation, we want to focus upon the class strategies inscribed in this process. Such an approach will show that we are not dealing with a supranational state-form, but with an advanced form of the hierarchical (and necessarily contradictory) coordination and integration of the class projects of European capitalist classes and capitalist states, in which the reduction of state sovereignty enables a strategy of intensified capitalist exploitation. Such an approach has not only analytical consequences but also political ones, because it points towards the continuing relevance, for the subaltern classes, of a strategy of rupture with the process of European Integration.

In what follows we attempt to analyze the class character of the European Union in its historical evolution and to show how it has been incorporated into the imperialist system. On the basis of this we attempt to assess the dynamics of integration and the current crisis of the “European Project.”

The First Steps of European Integration

Official histories of European Integration tend to present a picture of integration emerging from the desire of European peoples for peaceful cooperation. However, integration has been a much more complex process. The establishment of the European Coal and Steel Community (ECSC) in 1951 was not the product of spontaneous tendencies towards collaboration among European states but part of a broader U.S. Cold-War strategy to contain Soviet influence by means of enhancing the economic development of a capitalist Western Europe. Taking into consideration the fact that European economies were still facing large problems after the second World War, as well as the existence of large Communist Parties in countries such as France and Italy, it seemed obvious for the United States not only to offer forms of economic assistance such as the Marshall Plan (Program for European Recovery) but also to support projects of economic and political integration. This was made obvious in the requirement in the Marshall Plan for recipient countries to participate in institutions of collective management of economic assistance and to elaborate programs for European reconstruction.²

The contribution of the United States to this process was evident in the role of Jean Monnet in the first stages of the European Economic Community (EEC), but also in the many forms of support toward the strengthening and stabilization of European capitalist economies.³ It represented the attempt of the United States to emerge as a hegemonic power, not only in the sense of superior force, but also in the sense of guaranteeing global capitalist interests against the danger represented by the USSR, strong Communist Parties, and labor unions, even if this meant economic aid to its potential competitors or the endorsement of projects such as European Integration that would help the position of these competitors.⁴

This process along with the need to integrate West Germany led to the formation of the ECSC, which was established in 1951 by France, Germany, Italy, Holland, Belgium, and Luxembourg (“the Six”). Establishment of the ECSC facilitated the resolution of a

number of questions: the tendency towards economic collaboration between European capitalist countries; management of the problem of Germany; the focus on two basic parameters of industrial production, namely coal and steel; and the operation of a free market.

It also established a pattern of German-French cooperation that would be instrumental in the entire process of integration. Despite the successful founding of the ECSC, the beginning of NATO to secure the Western military alliance, and the German Federal Republic's entry into NATO in 1954, the first steps of European Integration were not very successful. In 1954 the French National Assembly rejected the proposals for the European Defence Community and the Political Union. However, the Suez debacle, and the fact that the United States made evident that it was the leading force of the "Western World" in contrast to old colonial imperial powers, led to the Treaty of Rome in 1957.⁵ Yet at that point, the signatories to the treaty, which established the EEC, did not extend beyond the Six. The "rival" project of the European Free Trade Association (EFTA), which reflected a more classical approach, was also active, although it lacked the tendency towards political integration that marked the EEC. The increasing importance of the German economy, exemplified in the rapid increase in trade with other European countries, made Germany an important node, and gradually EFTA countries decided to join the EEC.⁶

The basic objective of the Treaty of Rome in establishing both the EEC and the European Atomic Energy Community (EAEC) was to create a common framework among members of the Community in law, administration, and taxation, and to restructure the content of production via common directives and agreed-upon specializations. The founding of the EEC coincided with the emergence of three different theoretical discourses that mark the terrain of mainstream theoretical approaches to European Integration: federalism, functionalism, and inter-governmental cooperation. Although all three are theoretically inadequate to explain the dynamics of integration, they offer a mixture of its ideology and an actual description of different dynamics. "Federalism" can be considered a "metonymic" reference to the increased political importance of European Integration; the belief in "spill-over effects" (the central tenet of the functionalist school) was the motor force behind central aspects, from the role of the European Court to monetary union; and inter-governmental cooperation (albeit in a conflictual and hierarchical manner) remained the central decision-mak-

ing process (as liberal intergovernmentalism suggested).⁷ Beyond mere description, however, the theoretical question of how to best conceptualize integration remains open and unanswered.

Contradictions of the Initial Phases of Integration

Most histories of European Integration tend to present the first period as mainly marked by failures, from the endless negotiations for the establishment of the Common Agricultural policy to episodes such as the “empty chairs crisis.” These were outcomes of older antagonisms, exemplified in the French ambition to remain the leading force of “European Union” that led the French to veto Britain’s participation in the EEC. Nonetheless, we can already see also the gradual tendency towards integration, especially in the workings of Community-level institutions that gradually started to create the “*acquis communautaire*,” beginning with the functioning of the European Court, especially since it started ruling upon the supremacy of Community law over national legislation, but also with the Commission, especially after the 1967 Merger treaty. There was from the beginning a certain impetus towards what later would be described as “neoliberalism.”⁸ Already in 1939, F.A. Hayek defended the idea of a Federation and the abrogation of national sovereignty as a means to implement his conception of a market-based society. For Hayek, “the abrogation of national sovereignties and the creation of an effective international order of law is a necessary complement and the logical consummation of the liberal program.”⁹ This particular strain of liberal, market-friendly policies, expressed by Hayek’s Mont Pèlerin Society, played a major role in the evolution of the EEC/EU. An important role was also played by the German tradition of “ordoliberalismus,” a set of economic policy doctrines that prevailed in post-war West Germany and which remains today the theoretical background of German fiscal policy and that of the EU. It was exactly this tradition that Michel Foucault discussed in *The Birth of Biopolitics* as an example of the emerging “neoliberalism” and part of the formation of a particular capitalist governmentality.¹⁰ As John Gillingham stresses, these ideological contents became institutionalized through the integration project:

The Mont Pèlerin Society, which he [Hayek] co-founded in 1947, has served as a central point of diffusion not only for his own views but also for those of related schools influenced by them, such as monetarism, public choice theory, and the new institutional eco-

nomics. [...] The competition directorate (DG IV), the most influential branch of the eventually labyrinthine Commission bureaucracy, became its locus.¹¹

After the formation of Common Agricultural Policy, the next steps of integration and the politics of “Common Market” coincided with the pattern of post-WWII economic growth, a fact that also led to the enlargement of the EU with the accession of Britain, Ireland, and Denmark. Moreover, the Common Agriculture Policy, itself the result of a combined attempt to forge a social alliance with farmers (especially medium and large farmers) and to guarantee a steady flow of agricultural products, was a success on its own terms.¹²

There were also political considerations behind the growing appeal of the EEC. For countries of the European South, membership in the EEC, especially after the fall of the dictatorships, was seen as a form of strengthening democratic institutions but also as an exit from a more “peripheral” condition, with “Europe” functioning as a symbolic and ideological point of reference. This is the process that led to the entrance of Greece, Spain, and Portugal. Moreover, in the 1970s the process of European Integration started to receive the support of segments of the Left, especially of the Euro-communist Left, that presented Europe as a terrain of common struggles and insisted on the possibility that a “United Europe” could be a democratic counterbalance to the antagonism between the United States and the Soviet Union.¹³

Around the end of the 1960s and 1970s the question of economic and monetary union emerged. The turning point usually referenced is the 1969 Hague Summit, which set new targets for enlarging and deepening integration. Although this process began before the collapse of the Bretton-Woods system and the full eruption of the structural capitalist crisis of the 1970s, the decision to speed up the process of integration was a reaction both to the increasing contradictions of the post-WWII “Fordist” regime of accumulation and to the rising social and political radicalism expressed in both student and workplace activism in the 1960s. Monetary union was viewed as a way to increase coordination between European economies. However, it had to deal with the fact that exchange rates and their movements reflected differences in productivity and competitiveness, not only trade flows. The “correction” offered by exchange rates not only acted as a protective barrier to less productive capitals but also as a motive for direct investments abroad. Lifting this mechanism required not only coordination in terms of inflation but also a harmonization of productivity levels in order to avoid

destabilizing imbalances. The onset of the capitalist crisis made things even more difficult.¹⁴

From the Single European Act to the Euro: Integration as Neoliberal Strategy

Despite the victories of social-democratic parties with relatively radical programs in France and Greece in 1981, the victories of Margaret Thatcher in Britain (1979) and Helmut Kohl in West Germany (1982), along with the abandonment by the French government in 1983 of the more radical aspects of its program, and the broader emergence of neoliberal policies on a global scale (the election of Ronald Reagan, etc.), led to important shifts in the direction of the EEC.

The strategy of the European Single Market emerged as a means of increasing the competitiveness of the European capitalist economies. The idea was that removing all obstacles to the free flow of commodities and capital would create economies of scale, enhance competition, and increase investment. The Single European Act (SEA) which was adopted in 1986 marks a crucial turning point. It was obvious that the emerging “United Europe” would be one of neoliberal policies, privatization, and erosion of social rights.

The Single European Act was not a simple means to increase the scale of intra-Community trade or capital flows; lifting protective barriers meant that less productive and less competitive sectors were exposed to increased antagonistic pressures. These pressures had to do not only with the need for the introduction of new technologies but also with the need to get rid of all social rights that might reduce competitiveness (wage levels, collective agreements, labor laws, social protections). The class character of this strategy is made evident if we consider the central role of the European Roundtable of Industrialists (ERT), which acted as the representative of the most aggressive segments of capital, and which was instrumental in the formation of the policies of the European Single Market.¹⁵ Moreover, by introducing majority vote in questions of the internal market, the Single European Act intensified the pressure towards member states and enhanced the expansion of a neoliberal *acquis communautaire*.¹⁶

The next crucial step was the Maastricht Treaty (1991), which set the stage and pace for European monetary union and the introduction of the Euro as a common currency.

The introduction of fixed exchange rates and then a common currency to an area marked by divergences in productivity and productiveness would result in a great pressure to increase capitalist exploitation. In a condition of monetary union, as Guglielmo Carchedi has stressed, “technological laggards had to renounce inflation and devaluation [and] their capitals had to compete through longer working days (or weeks) and higher intensity of labour, that is, by imposing higher rates of absolute surplus value at the point of production.”¹⁷ Instead of a strategy of dealing with these divergences, which would have meant increased redistribution from the European center to the periphery, along with transfers of technology and know-how, the Maastricht Treaty (and subsequent treaties) mainly included fiscal and inflation benchmarks (ceilings for deficits, debt, and inflation) which could only lead to austerity, dismantling of welfare state provisions, and the introduction of neoliberal forms of governance across Europe. Restrictive wage policies, cuts in public spending, and wave after wave of pension reform in order to reduce the deficits of retirement systems (raises in minimum retirement age, reductions in pension amounts, forced introduction of privatized pension funds, etc.) gradually became the norm in Europe. At the same time, the policies of the European Single Market in the 1990s allowed for greater privatization by means of the forced opening of markets in telecommunications, energy, and public procurement.

Despite the initial setbacks of economic and monetary union, which coincided with a broader pattern of intense contradictions of fixed exchange-rate regimes globally and were exemplified in the decision of Britain to leave the Exchange Rate Mechanism, the Euro came into effect.¹⁸ This had less to do with actual “structural” economic convergence and more to do with convergences in rates of inflation along with relatively favorable accumulation dynamics.

For the countries of the European core, and in particular Germany, which had already developed economic relations with these countries, EU enlargement and the inclusion of former socialist countries represented an imperialist strategy in the sense of opening up new markets and exploiting new investment opportunities – especially since these countries offered an experienced and highly qualified workforce, low labor costs, and histories of industry and infrastructure, along with institutional anti-communism and neoliberal, pro-business legislation. The emergent Eastern European elites, for their part, judged that entry into the EU could shield their countries from

the dangers that the post-Soviet break-up had entailed, while also providing greater opportunities for the more competitive sectors of their economy and attracting foreign investment.

However, even the introduction of the Euro did not lead to increased competitiveness. The so-called “Lisbon Strategy,” launched in 2000, aimed to make the EU “the world’s most competitive and dynamic knowledge economy, capable of achieving economic growth together with better employment opportunities and greater social cohesion.”¹⁹ By the mid-2000s, however, its lack of success was obvious.²⁰ But this was not a uniform tendency, and some countries of the European core, particularly Germany, experienced increased competitiveness, especially inside the European Union.

Is There a Movement Towards a United European Federal State?

Although very few people would suggest that today the EU is a federation, since it lacks both a common demos and the kind of political coherence that would point in that direction, the question about the direction of integration remains open.²¹

In our opinion, the EU is not a supranational state form. It remains a multi-level and necessarily contradictory hierarchical form of coordination between total social capitals and their political representations as capitalist states, a form which articulates class strategies. This takes the form of numerous mutually penetrating networks of social (economic, political, ideological) interconnections which include, at different levels and stages, supranational mechanisms, nation-states, regional administrations, multinational corporations, and interest groups whose reach is international. However, at the basis of these complex processes, we find on the one hand the private interests of capitalist enterprise, and on the other the efforts of nation-states to safeguard the terms of reproduction of these capitals, in conjunction with the particular hierarchical position of each country within the European Union. In this sense, it is a manifestation of a broader tendency towards the internationalization of capitalist social relations and production forms, the main aspect of modern imperialism.

However, our position is that this process does not lead to the creation of a super-state, or a new type of hybrid state or semi-state, but to the coordination of class strategies and projects. Faced with the intensification of international competition but also with the pressures exerted by the dynamics of class struggle inside each

social formation, the European bourgeoisies aimed at coordinating their specific class strategies. The EU is the political and institutional form of this complex and uneven coordination, which is traversed both by antagonism between capitals but also by class struggles. The increasingly complex forms of the internationalization of capital, in conjunction with the constant geographical expansion of the EU, have generated the need for the formation of a powerful bureaucratic organization capable of achieving this strategy.

The expansion of the EU bureaucracy is not a simple negation of the nation-state. The ceding of sovereignty that the process of integration actually accomplishes is the erosion of those aspects of sovereignty that could be used for the benefit of the subaltern classes. Those core aspects of sovereignty that refer to the strengthening of capitalist power, on the other hand, remain in place. It is not an elimination of the nation-state but a profound transformation that brings it closer to being the dictatorship of the bourgeoisie, insulating it from any pressure emanating from class struggles and the demands of subaltern classes.

Moreover, coordination does not preclude antagonism. And on a global scale we are still witnessing many forms of antagonism between capitalist states. Underestimating the element of antagonism runs the risk of falling back into something close to Karl Kautsky's notion of ultra-imperialism.²² Indeed, the theoretical and analytical contradictions of the notion of ultra-imperialism are similar to the contradictions of "supranational" theorizations of European Integration, namely that they tend to overestimate one aspect of this process, the strengthening of EU institutions and the expansion of EU bureaucracy, and to underestimate the continued importance and effectiveness of antagonism and conflict inside the European Union. Therefore, we have to insist that the European Integration process is an imperialist project both in the sense of the relation of the EU to the rest of the imperialist chain and the antagonisms within it, but also *inside* the EU in the uneven relations between the different countries.

Discussions of the "supranational" character of the EU overlook the fact that the state does not have only economic functions, in the broad sense of the term. Its functions include foreign policy, national defence and internal security, educational policy, health systems, care for the everyday life of the citizens, etc. Many of these remain essentially outside the scope of supra-national integration, despite the existence of "European strategies." There are convergences (higher education being one example

because of the Bologna Process), but large differences remain. This is more evident in the absence of a common EU foreign and defence policy, exemplified in the different or even opposing stances regarding the Iraq war or the recognition of Kosovo.

Moreover, the fact that a country such as Britain had the ability to decide its exit from the EU is also, in our opinion, something that justifies our position that we are far from witnessing the emergence of a European “supra-state,” however deeply the process of integration has transformed its constituent member states.

European Integration as a Class Project

The above theoretical clarification should not be read as an underestimation of the effects of European Integration. In contrast, we tend to see it as a highly original process that offers important insights into the class character of contemporary processes of the internationalization of capital.

European Integration is not just a set of common agreements defining the set of policies inside the European Union. Nor is it just a common currency and the lifting of controls to the flow of commodities and capitals. Above all it is a class strategy that represents the combined efforts of European capitalist classes to answer the global economic crisis and the particular crisis of the European “social model” by means of an offensive neoliberal strategy of capitalist restructuring. As Bastiaan van Apeldoorn has stressed, the embedded neoliberalism of the EU makes European Integration not just an economic process but a *hegemonic project* on the part of the forces of capital in Europe.²³ In such a view, European Integration

may be understood in terms of what I have called “embedded neoliberalism,” reflecting a *hegemonic project* or what we could also call a *comprehensive concept of control* articulated and propagated by – and reflecting as well as mediating the interests of – social and political forces bound up with transnational European capital.²⁴

Although nominally the European integration process was a combination of liberal, neo-mercantilist, and social-democratic aspirations, indexing different post-WWII European political traditions, in the end neoliberalism emerged as dominant.²⁵ Effectively, this has meant that

the neoliberal restructuring, set in by the relaunched European integration project through the internal market programme and monetary union, reinforced by the marketization drive culminating in the Lisbon 'competitiveness' agenda, and further locked in by the Eastern enlargement, has subordinated the objective of social cohesion to that of a logic of commodification.²⁶

The class priorities that have driven the project thus become clear.

Monetary Union, Reduced Sovereignty and Neoliberalism

The crucial aspect in the entire European Integration process is the unprecedented ceding of crucial aspects of sovereignty to the institutions of the European Union. Member states of the Eurozone have no control over monetary policy, must coordinate their state-borrowing practices, must accept rigorous budgetary norms under threat of "automatic" penalties doled out by supervisory EU institutions, must fully open their internal markets (including state procurements), and must comply with European regulations regarding the free movement of European citizens, including accepting rules regarding the equivalences of degrees and qualifications. Moreover, privatizations of essential infrastructure were made obligatory already in the 1990s. There are no forms of subsidies other than those of the Common Agricultural Policies. As Drahokoupil, van Apeldoorn, and Horn stress, "European governance had above all become a supranational form of neoliberal governance," leading to a transfer of the decision-making process regarding the regulatory functions from the member states to the EU institutions.²⁷

The single currency, the Euro, has been an important aspect of this mechanism of reduced sovereignty. Initially designed as a mechanism that would enhance the common market and create a unified economic space that would enable the free flow of commodities and capitals and thus counter regional imbalances, it had from the beginning to face the problem of large divergences in competitiveness and productivity. Moreover it was endowed from the beginning with a very German conception of monetary discipline as a means to avoid inflation with its traumatic memory from the past.²⁸ The idea was that member states, including those of the periphery, would cede sovereignty, abandoning the protective mechanisms to which they were accustomed, in order to take advantage of the competitive pressure induced by the exposure to foreign competition without protection mechanisms. This would promote capitalist

restructuring and reductions in labor costs, thus leading, gradually, to a more balanced monetary area, buoyed by access to cheaper credit. As Sotiropoulos, Milios, and Lapatsioras argue:

Pressures from the functioning of the EMU [Economic and Monetary Union] are focused on the core of capitalist exploitation and create the preconditions for the continual restructuring of labor. The EMU puts into effect an extreme variant of the strategy of exposure to international competition, which can continue to exist only through the continual “adjustment” of labor. It follows from this that the *EMU strategy is a specific mode of organization for capitalist power.*²⁹

This disciplinary aspect of European Integration can account for another paradox of this process: the adherence of peripheral countries, with serious productivity and competitiveness gaps with respect to the core European countries, to this aggressive regime of accumulation and this exposure to huge and pervasive competitive pressures. The crucial aspect is the attempt to make use of this pressure as a means to eliminate whatever compromises had been made in the past with segments of the subaltern classes and at the same time to utilize the legitimacy offered by the “European Idea.” So this disciplinary aspect, even if it is presented as a way to modernize the entire fabric of society, in fact was pointed against the subaltern classes to attempt to force them to accept an aggressive neoliberal regime of accumulation.

The logic of the single currency – with an independent supranational Central Bank instead of simple currency coordination, as had been the case in the first stages of the EMU – was that a unified economic area wanted monetary stability in order to facilitate the movements of capitals and goods, which also increased velocity with the broader process of financialization in the 1980s and 1990s. In this sense, the EMU is a “key moment of the financialisation of Europe.”³⁰ The idea was that an independent European Central Bank would offer a safeguard against currency attacks and costly defences, exemplified in Britain’s forced exit from the EMU after 1992 and the South-East Asia crisis of 1997–98 that showed the danger of artificially pegging currencies to the dollar in order to boost investment.³¹ For this to work and to avoid inflationary tendencies, strict restrictions were put in place regarding deficits, public debt, and inflation. However seeing the evolution of the Euro as simply an evolution of technocratic approaches or even of an obsession with inflation, underestimates the way it

has functioned as a mechanism of erosion of democracy in Europe. As Wolfgang Streeck has argued:

Monetary union, initially conceived as a technocratic exercise – therefore excluding the fundamental questions of national sovereignty and democracy that political union would entail – is now rapidly transforming the EU into a federal entity, in which the sovereignty and thereby democracy of the nation-states, above all in the Mediterranean, exists only on paper. Integration now “spills over” from monetary to fiscal policy. The *Sachzwänge* of the international markets – actually the historically unprecedented empowerment of the profit and security needs of financial-asset owners – is forging an integration that has never been willed by political-democratic means and is today probably wanted less than ever.³²

The formation of an independent central bank immune to any interference from the part of social demands or even the electoral process was also part of a broader tendency to safeguard strategic capitalist interests against the demands and aspirations of the subaltern classes. As Demophanis Papadatos has stressed:

The inflationary crises of the 1970s and 1980s represented failure to defend the value of credit-money. That failure had social and political implications, at the very least because rapid inflation meant losses for creditors and because wage-bargaining was disrupted as workers attempted to obtain compensating increases in money-wages. The adoption of inflation targeting and central-bank independence was a sign of the ability of the capitalist class to learn from this experience.³³

In a certain way, the idea was that with strong anti-inflationary benchmarks in place, which meant a reduction in public spending, along with the lifting of any protective mechanism against cheaper imports, an “iron cage” of capitalist modernization was formed. For the economies of the less productive countries to survive and grow in this highly competitive environment there was no other way than reducing labor costs and increasing productivity by means of capitalist restructuring, aided by access to relatively cheaper credit.

The problem was that for peripheral countries this could also lead to a constant loss of competitiveness that could not be countered by rising productivity. This is where the idea of an internal devaluation, namely a reduction not only of real wages but also

of nominal wages, was introduced by Olivier Blanchard, the IMF's chief economist from 2008 to 2015, in order to help competitiveness in single currency economic areas such as the Eurozone:

Given Portugal's membership in the euro, devaluation is not an option however (and I believe getting unilaterally out of the euro would have disruption costs which would far exceed any gain in competitiveness which might be obtained in this way). The same result can be achieved however, at least on paper, through a decrease in the nominal wage and the price of non-tradables, while the price of tradables remains the same. This clearly achieves the same decrease in the real consumption wage, and the same increase in the relative price of tradables.³⁴

It is interesting that this idea was introduced with the slugging economic situation of Portugal in mind after the introduction of the Euro. However, it was only in Greece that it was really implemented, as a means to answer to the Greek crisis.

This pressure towards increasingly aggressive neoliberal forms of governance both for core EU countries and countries of the EU periphery should not be seen as a "mutually beneficial" process, or just as a process of strengthening the position of European bourgeoisies in general within the broader antagonistic context of the imperialist chain. It is also part of an imperialist strategy and practice within the EU. The dynamics of accumulation within the Eurozone are uneven and hierarchical, and the Euro has led to increasing divergences, manifest in the erosion of competitiveness in countries of the EU periphery (and the concomitant benefits for countries of the EU core such as Germany) but also upon increased indebtedness of countries of the EU periphery.³⁵

Authoritarian Europe

Cédric Durand and Razmig Keucheyan have offered a very compelling description of the inherently authoritarian and anti-democratic character of European Integration by means of their analysis of the "bureaucratic Caesarism" of the EU. This is a "Caesarism [that is] not military but financial and bureaucratic. A political entity with a fragmented sovereignty, Europe can only see its unity guaranteed by the bureaucracy of Brussels and the structural immixture of international finance in its functioning."³⁶ In a creative use of Gramscian notions, they consider the role of finance as that of

“pseudo-historical bloc” compensating for the absence of any actual political unification.³⁷ It is this particularly European bureaucratic Caesarism that can account for the increasingly disciplinary character of the interventions of European institutions and this process of de-democratization. They write:

Since 2011, the “Europlus” pact, the reform of the Stability and Growth Pact and the “European Semester” have increased constraints on budgets and economic policies: sanctions regarding recalcitrant countries are from now automatic, budget drafts are examined at the European level even before their discussion by national parliaments and the reform of pension systems and the liberalisation of labor markets become European objectives.³⁸

This can help us understand that, contrary to appearances, the mechanism imposed upon Greece by the Troika was not exceptional. In fact, what was used is exactly the condition of limited sovereignty that is inscribed at the heart of the European integration process. The Greek experiment is the first full expression of the inner logic of the European integration project, but it is not the exception; rather it is the new normal.

Of particular importance, is the way European Integration represents a form of neoliberal constitutionalism without democracy. By this we mean that, although there is indeed a set of constitutionalized institutions and policy directions with an aggressively neoliberal orientation – a certain European neoliberal rule of law – this is not combined with any reference to either a European people, European civil society or even a European polity. Ultra-neoliberal supranational guaranties, in other words, do not resort to any form of democratic decision-making or democratic legitimacy. To this we must also add the principle of complementarity regarding the relation between European and national legislation. Although European legislation does not touch that which is considered to be the cultural core of nationhood, such as the content of education, all the significant aspects of the socio-economic condition were delegated to the primacy of European regulation. This offered the possibility for European capitalist classes and their political representatives to avoid processes of negotiation and confrontation with the subaltern classes in the name of the necessity to conform to the EU guidelines regarding privatization, pension reform, and even aspects of labor reform.

The disciplinary aspects of the austerity programs in Greece have their corollary in the disciplinary constitutionalization of neoliberalism in the entire EU institutional fabric, as well as in the constant undermining of democratic procedures and popular sovereignty because of the inherently undemocratic character of the version of “rule of law” performed at the EU level and in the process of integration.³⁹ As Wolfgang Streeck has shown, this broader process of the erosion of democracy by neoliberalism and debt mechanisms is also connected to the substitution of the figure of the citizen by the figure of the creditor.⁴⁰

The authoritarian and disciplinary aspects of the erosion of sovereignty by European Integration are also the full expression of what Poulantzas defined as authoritarian statism.⁴¹ The basic aspects that according to Poulantzas characterized authoritarian statism, such as the decline of parliamentary democracy, the increased decision role of the Executive and of the State bureaucracy, and the insulation of decision-making processes from democratic control, appear in exacerbated form at the level of the EU. From “anti-terror” measures to the anti-immigrant and anti-refugee policies of “Fortress-Europe,” the authoritarian and anti-democratic character of the EU is clear.

The Current Crisis of European Integration and the Need for a Strategy of Rupture

The signs of a deep crisis of European Integration have multiplied. The British referendum of 2016 and the decision to initiate a process of exit from the European Union is such an example. When the fifth-largest economy in the world decides by means of a referendum to leave the supposedly most advanced form of economic integration, it is obvious that there are problems with the process of integration. There is a growing crisis of legitimacy in the entire process, exemplified in the reaction of voters whenever they have a say in such processes. Contrary to the tirades about “populism” and “nationalism” addressed to anyone who is critical of European Integration, we insist that what emerges is not some form of “proto-fascism” but rather the anxiety caused by people’s sense of a lack of control over their own lives, anger against a cynical political class, disbelief against the undemocratic institutional and political framework of the EU, and the desire for democracy as emancipation, solidarity, and justice.

The Greek case made evident that it is impossible to negotiate a different policy inside the framework of the EU, other than fully adhering to its embedded neoliberal-

ism. The ability of the EU mechanism to impose its will upon anyone who attempts to choose a different course inside the EU was fully expressed in the Greek case.

If this mechanism of reduced sovereignty is a basic aspect of both the neoliberal but also the authoritarian and disciplinary character of European Integration, then the question of reclaiming popular sovereignty, both in the sense of a rupture from the financial, monetary, and institutional architecture of the Eurosystem and of the deepening of democratic processes, becomes a central political imperative.

The deeply embedded neoliberalism and authoritarianism of the EU as a class project means that we have to move beyond thinking in terms of “another EU” and to overcome the “epistemological obstacle” of Europeanism in order to actually think of alternatives.⁴² In concrete terms, this suggests a strategy of ruptures with the EU, beginning with the necessary exit from the Eurozone as the necessary starting point for any policy that is actually in favour of the subaltern classes.⁴³ This should not be seen just as a “technical” question of monetary policy, but as part of a broader process of recuperation of democratic control against the systemic violence of internationalized capital in general and of the embedded neoliberalism of the EU in particular. It is in this sense a rupture with contemporary imperialism.

We all know the problems associated with the notion of sovereignty, in particular its association with nationalism, racism, and colonialism. However, here we are talking a form of sovereignty based upon a social alliance that is different from that of bourgeois “sovereignty.” The “people” of this reclaimed popular sovereignty would be an alliance based upon the common condition of the subaltern classes, regardless of origin or ethnicity, against the policies of European capitalist classes. It would be based upon their solidarity and common struggle, the elaboration through struggle of an alternative narrative for society. This narrative could take the form of a radical program of nationalizations, democratic participation, redistribution, and self-management that could get us out of the vicious circle of austerity, debt, and authoritarianism, and open up the road for a renewed socialist perspective. We are talking about a potential new historical bloc, in the sense of the articulation of a broad alliance of the subaltern classes, a radical transition program, the democratic forms of organization of a new form of “United Front” along with the collective experimentation and ingenuity of the people in struggle. Against the imperialist construction of the EU it offers the possibility of actual internationalism. A potential strategy of ruptures, with

strong movements forcing countries out of the Eurozone or the EU, can set examples that can in fact accelerate processes of disintegration of the European Union.

As the material condensation of class strategies, European Integration is a process traversed by class antagonisms, and particular class relations of force can explain both its history and its particular institutional configuration. However, from this starting point we should not jump to the conclusion that changed relations of force between classes will change Europe from within, exactly because its particular economic, institutional, and monetary architecture represent material obstacles to the actual coordination of the struggles of the subaltern classes all over Europe, struggles that are necessarily uneven because of the different temporalities of social antagonism in different social formations. This what makes a strategy of rupture and exit the necessary condition for social change but also for the possibility of creating new forms of coordination and cooperation between movements.

In contrast to the prevailing ideological myth, European Integration is not “irreversible.” In contrast, it is a class strategy, contingent upon the particular dynamics of the conjuncture and the relation of forces. Today, faced with the fact that more and more people realize that the “European dream” is being transformed into a “European nightmare,” the elaboration of such a strategy of ruptures is more than necessary.

1. See *inter alia*: Ernest Mandel, *Europe Versus America? Contradictions of Imperialism* (London: Merlin Press, 1968); Nicos Poulantzas, *Classes in Contemporary Capitalism* (London: NLB, 1975); Werner Bonefeld, ed., *The Politics of Europe: Monetary Union and Class* (London: Palgrave, 2001); Guglielmo Carchedi, *For Another Europe: A Class Analysis of European Economic Integration* (London: Verso, 2001); Bastian van Apeldoorn, *Transnational Capitalism and the Struggle for European Integration*, (London: Routledge 2002); Bernard H. Moss, ed., *Monetary Union in Crisis: The European Integration as a Neo-liberal Construction* (London: Palgrave, 2005). [↗](#)
2. Barry Eichengreen, *The European Economy since 1945: Coordinated Capitalism and Beyond* (Princeton: Princeton University Press, 2007). [↗](#)
3. On the figure of Jean Monnet see Perry Anderson, *The New Old World* (London: Verso, 2009). On US foreign policy regarding post-WWII Europe and the relation

- between European Integration and the Atlantic nexus of economic and political relations, see Kees van der Pijl, *The Making of an Atlantic Ruling Class* (London: Verso, 1984). As Milward notes: “The American proposals too had an essentially political rationale, the creation of a strategic political bloc in western Europe. [...] But underlying this there was also an economic argument. A larger market, it was argued, by increasing the levels of productivity in European manufacturing would reduce the prices of European manufactured goods so that Europe would become less dependent on American aid.” Alan Milward, *The European Rescue of the Nation-State*, 2nd ed. (London: Routledge, 1999), 106. [↗](#)
4. On this see Spyros Sakellariopoulos and Panagiotis Sotiris, “American Foreign Policy as Modern Imperialism: From Armed Humanitarianism to Preemptive War,” *Science and Society* 72, no. 2 (April 2008): 208–35. [↗](#)
 5. Anderson, *The New Old World*, 10. [↗](#)
 6. On the importance of Western Europe’s trade with West Germany see Milward, *The European Rescue*. [↗](#)
 7. On the different approaches see the collective volume *Limits and Problems of European Integration. The Conference of May 30 – June 2, 1961* (The Hague: Martinus Nijhoff, 1963). See also Anderson, *The New Old World*; Andrew Moravcsik, “In Defense of the ‘Democratic Deficit’: Reassessing Legitimacy in the European Union,” *Journal of Common Market Studies* 40, no. 4 (2002): 603–24; Michael Burgess, *Federalism and European Union: The Building of Europe 1950-2000*, (London: Routledge, 2000). [↗](#)
 8. John McCormick, *Understanding the European Union: A Concise Introduction* (London: MacMillan, 1999); Bernard H. Moss, “The Neo-liberal Constitution: EC Law and History,” in Moss, ed., *Monetary Union in Crisis*. [↗](#)
 9. F.A. Hayek, *Individualism and Economic Order* (Chicago: The University of Chicago Press, 1968), 269. [↗](#)
 10. See Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France 1978-79*, ed. Michel Senellart, trans. Graham Burchell (London: Palgrave, 2008). On ordo-liberalism see Christopher S. Allen, “‘Ordo-Liberalism’ Trumps Keyne-

sianism: Economic Policy in the Federal Republic of Germany and the EU,” in Moss, ed., *Monetary Union in Crisis*; Pierre Dardot and Christian Laval, *The New Way of the World: On Neoliberal Society*, trans. Gregory Elliot (London: Verso, 2013). On the continuous relevance of this tradition in German policy choices within the EU framework, see Frédéric Lordon, *On acheve bien les Grecques. Chroniques de l’Euro* (Paris: les liens qui liberent, 2015). [↗](#)

11. John Gillingham, *European Integration, 1950–2003: Superstate or New Market Economy?* (Cambridge: Cambridge University Press, 2003), 7. [↗](#)
12. On the history of CAP in the context of post-WWII agriculture in Europe see Milward, *The European Rescue*. [↗](#)
13. On the positions of especially the Italian Communist Party vis-a-vis European Integration in the 1960s and 1970s. see Donald Sassoon, “The Italian Communist Party’s European Strategy,” *The Political Quarterly* 47, no. 3 (July 1976): 253–75. [↗](#)
14. For a Marxist perspective on monetary union and the contradictions inherent in any attempt to implement such policies see Klaus Busch, *Die Krise der Europäischen Gemeinschaft* (Köln-Frankfurt: Europäische Verlagsanstalt, 1978), and Carchedi, *For Another Europe*. [↗](#)
15. On ERT see Bastiaan van Apeldoorn, *Transnational Capitalism and the Struggle for Integration* (London: Routledge, 2002); Otto Holman and Kees van der Pijl, “Structure and Process in Transnational European Business,” in Alan W. Cafruny and Magnus Ryner, eds., *A Ruined Fortress? Neoliberal Hegemony and Transformation in Europe* (Lanham: Rowman & Littlefield, 2003). [↗](#)
16. “[T]he Single European Act introduced, almost by stealth, the most dramatic development in the institutional evolution of the Community achieved by a Treaty amendment: majority voting in most domains of the Single Market.” J.H.H. Weiler, “In defence of the status quo: Europe’s constitutional *Sonderweg*,” in J.H.H. Weiler and Marlene Wind, eds., *European Constitutionalism Beyond the State* (Cambridge: Cambridge University Press, 2003), 10. [↗](#)
17. Carchedi, *For Another Europe*, 138. [↗](#)

18. On the contradictions of fixed exchange-rate regimes see Paul Krugman, *Currencies and Crises* (Cambridge, Mass.: The MIT Press, 1992) and *The Return of Depression Economics and the Crisis of 2008* (New York: WW Norton, 2008). [↗](#)
19. Jennifer Blanke and Augusto Lopez-Claros, *The Lisbon Review 2004: An Assessment of Policies and Reforms in Europe* (Geneva: World Economic Forum), 1. [↗](#)
20. Tania Zgajewski and Kalila Hajjar, *The Lisbon Strategy: Which failure? Whose failure? And why* (Brussels: Academia Press, 2005). [↗](#)
21. Even theorists that are openly supportive of closer integration have suggested that what we are dealing with is more like a potential confederation. See Giandomenico Majone, *Dilemmas of European Integration: The Ambiguities and Pitfalls of Integration by Stealth* (Oxford: Oxford University Press 2005). In contrast Jan Zielonka has suggested that Europe moves to a “neo-medieval” form of empire and not a “westphalian” system of sovereign states. See Jan Zielonka, *Europe as Empire: The Nature of the Enlarged European Union* (Oxford: Oxford University Press, 2006). [↗](#)
22. “Hence from the purely economic standpoint it is not impossible that capitalism may still live through another phase, the translation of cartellization into foreign policy: a phase of ultra-imperialism, which of course we must struggle against as energetically as we do against imperialism, but whose perils lie in another direction, not in that of the arms race and the threat to world peace. [...] The World War did not come about because imperialism was a necessity for Austria, but because by its own structure it endangered itself with its own imperialism. Imperialism could only have powered an internally homogeneous State which attaches to itself agrarian zones far beneath it culturally. [...] From the purely economic standpoint, however, there is nothing further to prevent this violent explosion finally replacing imperialism by a holy alliance of the imperialists.” Karl Kautsky, **“Ultra-Imperialism”** (1914). [↗](#)
23. Van Apeldoorn, *Transnational Capitalism*; Alan W. Cafruny and Magnus Ryner, eds., *A Ruined Fortress? Neoliberal Hegemony and Transformation in Europe* (Lanham: Rowman & Littlefield Publishers, 2003); Moss (ed.), *Monetary Union in Crisis*. [↗](#)

24. Bastiaan Van Apeldoorn, “The Contradictions of ‘Embedded Neoliberalism’ and Europe’s Multi-level Legitimacy Crisis: The European Project and its Limits,” in Bastiaan van Apeldoorn, Jan Drahokoupil and Laura Horn, eds., *Contradictions and Limits of European Liberal Governance. From Lisbon to Lisbon* (London: Palgrave Macmillan, 2009), 22. [↗](#)
25. Van Apeldoorn, “The Contradictions,” 29. [↗](#)
26. Van Apeldoorn, “The Contradictions,” 33. [↗](#)
27. Jan Drahokoupil, Bastiaan van Apeldoorn and Laura Horn, “Introduction: Towards a Critical Political Economy of European Governance,” in Bastiaan van Apeldoorn, Jan Drahokoupil and Laura Horn, eds., *Contradictions and Limits of European Liberal Governance. From Lisbon to Lisbon* (London: Palgrave Macmillan, 2009), 4; Within Europe it is no longer the national states that exclusively provide the regulatory framework that allows the capitalist market economy to function – rather, increasingly, a key role here is played by the EU and by the process of European integration. See Drahokoupil, van Apeldoorn and Horn, “Introduction,” 12–13. [↗](#)
28. Bernard H. Moss, “From ERM to EMU: EC Monetarism and Its Discontents,” in Moss, ed., *Monetary Union in Crisis*, 145–69; London, *On achève bien les Grecs*. [↗](#)
29. Dimitris P. Sotiropoulos, John Milios, and Spyros Lapatsioras, *A Political Economy of Contemporary Capitalism and its Crisis: Demystifying Finance* (London and New York: Routledge, 2013), 192. [↗](#)
30. Cédric Durand, “Introduction: Qu’est-ce que l’Europe?” in Cédric Durand, ed., *En finir avec l’Europe* (Paris: La Fabrique, 2013), 3. [↗](#)
31. Krugman, *The Return*. [↗](#)
32. Wolfgang Streeck, “Markets and Peoples: Democratic Capitalism and European Integration,” *New Left Review* II, no. 73 (January–February 2012): 67. [↗](#)
33. Demophanes Papadatos, “Central Banking in Contemporary Capitalism: Inflation-Targeting and Financial Crises,” in Costas Lapavistas, ed., *Financialisation in*

Crisis (Leiden: Brill, 2012), 133. [↗](#)

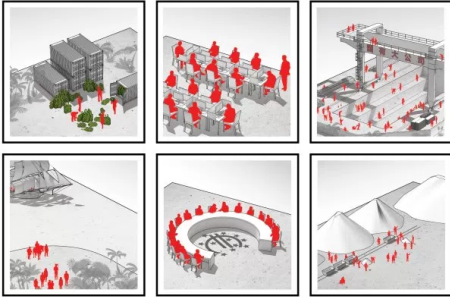
34. Olivier Blanchard, “Adjustment within the Euro: The Difficult Case of Portugal,” *Portuguese Economic Journal* 6, no. 1 (April 2007): 15. [↗](#)
35. On the uneven and divergent dynamics of accumulation within the EU and their role in the eruption of crisis of the Eurozone see Costas Lapavitsas et al., *Crisis in the Eurozone* (London: Verso, 2012). [↗](#)
36. Cédric Durand and Razmig Keucheyan, “Un césarisme bureaucratique,” in Cédric Durand, ed., *En finir avec l’Europe* (Paris: La Fabrique, 2013), 90–91. [↗](#)
37. Durand and Keucheyan, “Un césarisme bureaucratique,” 101. [↗](#)
38. Durand and Keucheyan, “Un césarisme bureaucratique,” 108. [↗](#)
39. Giandomenico Majone has stressed the need to distinguish between constitutionalism and democracy when we discuss the European Union. See Majone, *Dilemmas of European Integration*. [↗](#)
40. Wolfgang Streeck, *Buying Time. The Delayed Crisis of Democratic Capitalism* (London: Verso, 2014). [↗](#)
41. Nicos Poulantzas, *State, Power and Socialism* (London: Verso, 1980). [↗](#)
42. Stathis Kouvelakis, “Introduction: The End of Europeanism,” in Costas Lapavitsas et al., *Crisis in the Eurozone*, xiv–xxi. [↗](#)
43. Heiner Flassbeck and Costas Lapavitsas, *Against the Troika. Crisis and Austerity in the Eurozone* (London: Verso, 2015). [↗](#)

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