

# Left logic – the neoliberal EU cannot be reformed but exit is bad

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February 27, 2019

I have just finished reading a recently published book – [The European Illusion](#) – written by academics associated with Attac Austria and it demonstrates the dilemma that European progressives have created for themselves. The 348-page book is freely available in – [PDF](#) – for download. The dilemma slowly reveals itself as the various chapters unfold. The format of the book is odd – conventional prose, interviews between the contributors, and opinion pieces. As we transit through the book we learn that the European Union is neoliberal central. Okay, that is a helpful start to a progressive vision. Then we read that, as such, it is impossible to reform. We learn that movements such as DiEM 25 are dreamers. Getting better! But then we read that Lexit strategies are unhelpful and a sort of Project Fear rationale is proffered – risky, uncertain and the rest. So, on the one hand, the EU is a disaster that has deliberately set out to destroy the working class and that that cannot be reformed. But, on the other hand – TINA – it is counterproductive to dismantle it. Solution – a grassroots campaign of rebellion – “strategic disobedience”. It beggars belief actually. Apparently, we can democratise neoliberal central by disobeying the EU rules, even though the EU cannot be reformed. Yes, and pigs might fly!

On Tuesday, March 12, I will be in Vienna giving a talk sponsored by [1 Europa](#), an organisation which expresses the modern cosmopolitanism that progressives in Europe love.

Its Manifesto includes statements like:

1. They seek a Europe that “commits all its citizens, peoples and states to overcome nationalism, to unite and to form a new European community, without internal borders, in the diversity of its cultures and regions, under a common law, as a free under To live together and peer among peers in inner and outer peace – responsible before the world and future generations.”
2. “We are in favor of a European Union under the sovereignty of its citizens, who are shaping their future in an evolved European democracy and are also deciding on the progress of European integration through European referendums.”
3. “The unification process has to change from a ‘project of the elites’ to a res publica, a matter for all.”

4. The current setup is “a black hole for democracy”.

6. “The European Union, rather than becoming an instrument of the civilization of globalization, is threatening to become a vehicle for the global domination of unleashed financial markets and the ideology of a fundamentalist neoliberalism. That feeds Euroscepticism.”

‘1 Europa’ is thus deeply critical of the way in which the EU evolved and demands that a “social market economy” be created rather a meagre “competitive society”.

Importantly, they claim that it is “the arrogance of the power of national governments” that are hindering European unity.

So it will be an interesting night in Vienna in a few weeks.

We share most of the social and economic goals – such as “full employment and the protection of public services” – but have vastly different constructions on how to get there.

In particular, the ‘1 Europa’ manifesto is largely silent on the macroeconomic shifts that will be required to create their longed for European unity.

Implicit in their statements is the sense that national governments should cede fiscal authority to a European-level body. But the devil would be in the detail and as I have said many times, try getting Germany to agree to that.

The ‘Attac Austria’ analysis of the EU, noted in the introduction, is quite different to the ‘1 Europa’ sentiment but comes to the same conclusion – the EU should continue.

Attac is not a body that understands much about Modern Monetary Theory (MMT), given their advocacy of a Tobin Tax.

I have written about those issues previously in the following blog posts:

1. [Progressives should move on from a reliance on ‘Robin Hood’ taxes](#) (September 4, 2017).

2. [ATTAC should drop the ATT part!](#) (May 17, 2016).

However, their insights into the way the European Union operates to perpetuate a rigid, neoliberal dogma should be understood by all.

Especially, the Europhile Left.

As Mathew Rose wrote in his review of the book – [The European Illusion – Why We Need New Strategies Towards the EU and Beyond by Attac Austria](#) (January 7, 2019):

It takes courage these days to write a book critical of the EU, especially from a leftist perspective: to do so in Austria even more so ... As one of the authors explains: "It's almost impossible to express your opinion on the EU without being backed into a corner. As soon as I question the institutional make-up of the EU, I am deemed a nationalist." In Germany and Austria, because of their fascist past, being a "nationalist" is tantamount to being a neo-Nazi.

In the opening pages we are confronted with the standard Europhile mantra:

If we want to shape globalisation in line with our goals, we need the EU.

That sets the tone.

Early on, the authors note the way that the mainstream economists have presented the austerity bias in the EU:

Political debates on economic issues are typically not conducted in an open manner. Generally, employers are reticent to argue that the purpose of austerity is to bring about unemployment. Rather, they argue that cut-backs are in the public interest and may even contribute to the reduction of unemployment.

In my class today at the University of Helsinki, I made the point that if we all understood Modern Monetary Theory (MMT) then this sort of neoliberal veil of ideology would be unavailable in the public debate.

No-one would buy it. We would all see through it straightaway.

No politician could get away with the 'fiscal contraction expansion' lie.

It has been obvious that the austerity applied in the EU has made matters worse despite the official line being that the austerity was the path to salvation.

And while the austerity was clothed in fiscal terms (need to cut deficits to live within the rules) it was really part of a longer neoliberal agenda aimed at:

... restricting workers' rights and making cuts to the welfare state.

When we state that the EU is neoliberal central, we get a lot of pushback from the Europhile progressives. They can't stand the obvious conclusion that they support an institutional structure that is one of the most advanced vehicles for perpetuating and applying the very ideology they despise.

Dissonance to say the least.

So the way they seek to salvage their credibility is to generalise – propose reforms, create grand movements (such as DiEM 25) – rather than facing up to the fact that the EU neoliberalism is core and the product of a long

period of institutional building – it is not an ephemeral fancy that will be ‘reformed’ away.

The Attac Austria book makes it clear that within the Europhile narrative:

Each successively higher level of integration is considered as progress ...

Whereas, what was really happening was that the architecture of the EU – its very existence was being transformed into one of the most advanced expressions of neoliberalism.

The foundations are rotten and any number of coats of paint to the walls will not alter that.

Chapter 3 provides analysis from a number of academic researchers, in areas such as Agricultural Policy, Economic Policy, Environmental and Climate Policy, Financial Market Policy, Gender Equality Policy, Military Policy, Monetary Policy, Refugee Policy, Social Policy, Tax Policy, Trade Policy and Wage Policy.

In other words, all bases are covered.

Some obvious conclusions were drawn:

1. “Economic and Monetary Union (EMU) lies at the heart of the neoliberal European Union”.

Europhile-types (especially British-based ones) often in the context of the Brexit debate, confront me with the statement that the EU is not the Eurozone – am I so stupid not to realise that Britain is not in the Eurozone.

I would guess I have read more of the primary literature and official documentation and written more words about the Eurozone in my career than most people (and, yes, I am an Australian, so what the hell am I doing meddling in matters that don’t affect me – paraphrasing an insult I often get from European-based characters who can’t bear facing up to the reality of the EU.

Obviously, the EU is not the EMU but the EMU is just the most advanced expression of the neoliberal intent of the EU. If the Commission could get everyone in the EMU is would be most happy.

2. The structure of the EMU:

... establish the basis for the biased unilateral orientation of EU economic policy in favour of business interests (camouflaged by the “open markets” rhetoric), the liberalisation of financial markets, the reduction of social and safety standards (“deregulation”) and increased competition among workers.

This is the institution that the Remainers claim is the only thing standing between decent working conditions in Britain and Dickensian squalor and exploitation.

The EU is an advanced corporatist state. There is no question about that. Such a state doesn't protect workers' rights, it constantly seeks to undermine them within the political limits that prevail.

3. While many juxtapose that vision with that of a "social EU" and claim there should be a bit more of the social and a bit less of the 'single market EU', the reality is that if democracy prevailed then the erosion of social Europe could be thwarted at the Member State level.

But this:

... is why the EMU concept – whose decision-making mechanisms largely circumvent democratic structures like the European Parliament and national parliaments – is the key instrument in this regard.

And while the 'European Project' began as a means of reducing the damaging manifestations of Franco-German rivalry, the reality in 2019 is that the EU has morphed into:

... a conflict between the neoliberal interests of the wealthy and corporate groups on the one side and the interests of the general population (in good public services and high labour, social and environmental standards) on the other.

That is what we are up against.

While the elites claim the EU is about promoting convergence to one Europe, the reality that Attac Austria identifies is the opposite – the EU is about division and divergence.

While the Europhiles think they can reform the EU and tame it to act progressively, this, in fact, represents a denial of what the EU has become – a co-opted agency of capital.

And that co-option has permeated throughout the structure, including down to the Member States – which while holding out that they represent the interests of their peoples, are actually totally co-opted by corporate lobby groups.

I wrote about that last week – [The EU is neoliberal to its core and captured by corporate interests](#) (February 18, 2019).

Chapter 4 is entitled "Implications" and has sections:

- What lies behind our images of the EU
- “Fundamental EU reform is impossible”
- “Why the exit debate is not helping”
- “The EU and the rise of the right”
- Where we stand: Positions on the EU

So, when I started reading that section I was fascinated how they were going to resolve all these issues.

I wasn't impressed at first.

We read, for example, that:

It is clear that many of the issues of today's capitalist system cannot be resolved at the national level. If we wanted to prevent corporations and financial markets from pressuring social systems and public budgets, we would need cooperation between states, for example in the form of common minimum standards for social services and environmental protection.

This is the classic Left position that has led to the Left ceding authority in the debates to the neoliberals.

This sort of surrender talk started in the 1970s.

We document that surrender in detail in our book – [Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World](#) (Pluto Books, September 2017).

The point is that this view completely ignores the powerful capacity of so-called demonstration effects.

In consumption theory, these effects are important and explain group behaviour – the [Keeping up with the Joneses](#) effect.

My conjecture is that, if say, Italy decided to restore national sovereignty, it would be the first domino in a chain, and the result would be a Eurozone (aka mark zone) which might include Benelux/Germany/Austria and not much else, although the Finns and the Baltic states would probably hanker, against their better judgement to be part of it.

The point is that if one state uses its legislative capacity to fight back and achieves better outcomes then the dam walls would break all over the place.

Why did the EU do everything to keep Greece within the EMU? Because it didn't want any breakaways, rejecting austerity and creating better conditions for their population.

As I read on, things continued to be confused.

We read that the while “reform is impossible” the:

... “leave or remain” is the wrong question ... we must focus primarily on building an effective counterpower, regardless of the level on which this occurs.

Which sounds like reform within the current machinery, yet “reform is impossible”.

I found this rather confusing.

The Attac Austria authors are clear in one respect – that the elements of “the European Left and in movements such as Varoufakis’ DiEM25” that want “to rewrite the EU treaties so that they follow social and democratic goals” are dreaming:

... this is impossible to achieve via the current processes. All heads of state and members of the EU Parliament are required to approve a new treaty. After that, it must be ratified by all nation states ... one single neoliberal stronghold is enough to block the new treaty.

Which is the very point that Thomas Fazi and I have made continually, in our joint and individual Op Eds, Blog posts and in Reclaiming the State.

And it is not hard to guess which nation might be the “one single neoliberal stronghold”, although many would be vying for the title!

As Attac Austria notes the “lack of potential for social reforms within the treaties is no coincidence, but was planned from the outset.”

In my 2015 book – [Eurozone Dystopia: Groupthink and Denial on a Grand Scale](#) (published May 2015) – I provided chapter and verse about how the EMU architecture evolved to reflect a movement away from social democratic principles.

And it is a one-way street!

But they also reject Lexit and supported the Remain campaign in the British referendum.

And they trot out all the usual claims about the risks being “underestimated”, how would existing debt be denominated, and currency instability.

While there are risks (and costs) involved in Lexit, there are clear paths to follow that can resolve all these issues (denomination, bank balances, currency impacts) in a way that the risks are manageable.

And those risks do not need “coordination between governments”. Currency sovereignty and integrity of the legislative process will be sufficient to ensure Lexit is a better outcome (after the adjustment period) than staying in an EMU (and EU) that will progressively get more corporatist as time passes.

So Attac Austria – doesn’t think “fundamental reform of the EU” is possible, yet they dismiss those who want Member States to exit.

In the final Chapter, Strategies, we read about their hope in grassroots uprisings.

They think, for example, that the food sovereignty movement – is a good model for localised, citizen-based resistance to the neoliberal core of the EU.

But as Mathew Rose’s Review (cited above) notes:

... cultural obstacles begin to appear. Austria is probably the most progressive European nation regarding the quality of its food production ...

In other words, a ‘grassroots’ movement in Austria based on food issues is likely to resonate. But the same type of mobilisation will not gather support in poorer nations, such as Britain “where parents go hungry to feed their children”.

All through the book, the tension is rising.

They don’t consider reform is possible yet want to maintain the EU. So what gives?

In the chapter – Strategic Disobedience – we get some answers to where they want to go.

Here they restate their antipathy to groups like DiEM 25 which though fighting for ‘desirable’ outcomes are effectively waiting “for a miracle” – being that all Member States would suddenly have to turn to the Left at the same time in the same way.

That is not going to happen.

But then they also reject a turn to the Left at the Member State level, which could happen, but in their view would not help (for reasons noted above).

And so the way forward is for Member States to adopt what they call “strategic disobedience to implement a range of progressive projects.”

What?

Yes, this is plan to remain:



... in the EU or the euro and, at the same time, deliberately breaking the rules that contradict left-wing policies.

This strategy – either “silent” (“non-compliance to certain EU rules”) or “offensive” (open and high profile rejection of dictates) – would apparently “politicise the neoliberal principles and beliefs enshrined in EU rules” and “gradually build support for radical alternatives requiring stronger ruptures with the EU”.

However, for example, if a Member State was to “openly announce its intention to break the budget rules” it would have to:

... be prepared for possible sanctions and conflicts with the rest of the EU.

And, how might that play out?

Attac Austria doesn't really tell us.

Well, I have one model already. June 2015 Greece and the ECB. Banks threatened with collapse unless Greece abandoned its 'mini' revolt against austerity.

The reason that blackmail worked was because the elites know that the Syriza leadership was pathetic and would back down. Why? Because they were on the record as saying they would not exit.

If a trade union tells all and sundry that they will never strike, then employers take them for a ride.

So this disobedience plan would fall at the first hurdle because the monetary authority would know there was no coherent threat from a bunch of hicks in Austria who wanted to remain in the Eurozone no matter what.

Attac Austria recognises this but, somehow, can't get their heads around why it negates their strategy.

If there is no exit threat (and genuine Plan B) then the disobedience will be crushed just as quickly as we have seen in Greece, and more recently in Italy.

## Conclusion

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So the dilemma is laid out bare.

This is the sort of dead-end the progressives get themselves into when they cannot articulate leadership and, instead, adopt caution.

We have the ultimate here – hate the EU, recognise that its core architecture is neoliberal and incapable of being reformed (so distinguishing themselves from the DiEM 25 dreamers), but cannot bring

themselves to supporting a breakup or exit.

So, they propose breaking laws as a vehicle to create tension, yet have no credible threat which would make the European Commission in partnership with the ECB, take the breaking laws as a vehicle for fundamental change.

But then they don't believe fundamental change is possible.

Skewed by their own logic.

That is enough for today!

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