

THE EUROPEAN ILLUSION

Why We Need New Strategies Towards
the EU and Beyond

Attac Austria



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IMPRINT

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ISBN: 978-1-54394-764-9 eBook: 978-1-54394-765-6

First published October 2017 in German as *Entzauberte Union. Warum die EU nicht zu retten und ein Austritt keine Lösung ist*, Mandelbaum Verlag.

Published in cooperation with Rosa-Luxemburg-Stiftung Brussels Office. Supported with funds from the Federal Foreign Office of Germany.



Graphics: Wolfgang Homola

Translation: Hannah Campbell

Publishing: Bookbaby

Website: <http://the-european-illusion.eu/>

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INTRODUCTION

Opening our eyes to the European illusion

The European Union finds itself in the deepest crisis since its inception. Brexit represents the first ever rolling-back of EU integration. Inequality in Europe is on the rise, between rich and poor as well as between regions and countries. The promise of prosperity for which the European Union once stood is accessible to fewer and fewer people. Instead of integration, the EU is today primarily a driver of division.

Yet despite these deep rifts, for many people, the “commitment to Europe” is an integral part of their political identity. This emotional bond is based not only on the unspoken equation of the continent with the EU single market but, above all, on the widely reinforced image of the EU as a peace project, the fruits of the lessons from two world wars and a symbolic space for mobility, freedom and political cooperation. Who could possibly oppose it?

Criticism of the EU is dealt out most aggressively by those who perpetuate xenophobia and exclusion and who idealise the nation state. Although a great many people acknowledge that the current neoliberal policies themselves are responsible for the rise of the right, it is still widely supposed that the only way

to oppose the nationalists is by advocating for “more Europe”.

This justified concern about the further rise of extreme right makes it unthinkable for many people to question the EU on a fundamental level. People approach the issue as though no other form of interstate cooperation could ever be imagined. But does the EU really have the potential to become the “social and democratic Europe” that has been presented to us as a political ideal for decades? Was it even designed to fulfil that promise? Is it truly the right political framework for moving closer to our vision of a good life for all and a democratic, ecologically sustainable, socially equal and gender equal economic system?

This book will attempt to provide answers. To do this, it will be necessary to cast a critical eye over many of the cherished and fundamentally positive images of what constitutes the EU at its core.

For Europe, or against it? A cunning red herring

The current EU debate is dominated by the polarisation between “pro-European” and “anti-European” forces – yet this ubiquitous portrayal of the situation is a clever manoeuvre to shift attention away from social issues and the uneven distribution of wealth. Right-wing extremists and neoliberal forces alike benefit from this. While right-wing extremists stir up conflict between people of different backgrounds, neoliberals avoid the question of social issues at any cost. At the same time,

conservatives and liberals exploit this polarisation to equate the criticisms of EU-sceptical social movements with right-wing extremists, causing them to be defamed and delegitimised.

The reality is that the EU and the nation-states are not two opposing poles, but rather fused-together blocks. How we create and distribute our wealth is negotiated at both levels. The crucial question is therefore not *where* decisions are passed, but *whose interests* they favour.

As such, another aim of this book is to break down the false dichotomy between “pro and anti-European” forces and to open up new perspectives.

Hopes shattered

As far back as 2006 and 2009, Attac Austria was criticising the neoliberal orientation of European “integration” in *Das kritische EU-Buch* (“The Critical EU Book”) and *Wir bauen Europa neu* (“Building Europe Anew”) and proposing a variety of alternatives and reforms. We have always supported European integration in principle; however, the political events of recent years have increasingly called this position into question.

For one thing, the long-standing calls of European social movements for economic reorientation and democratisation of the EU have gone unheeded. For another, we hoped, in the spring of 2015, that the left and social movements in Greece would be able to initiate a change of course for the whole of

Europe. In the end, however, the Greek government failed in its attempt to break with neoliberal austerity. The enormous power with which EU institutions and governments opposed the prospect of an economic and political alternative surprised many. What's more, the pressure exerted by CETA proponents on the recalcitrant region of Wallonia in autumn 2016 indicated clearly that European elites were seeking to maintain the EU's neoliberal trajectory at all costs. Now, at the time of translating this book, the European Union has shifted massively to the right. There is a strong push for military integration, and the Union is arming itself against refugees, planning European detention camps and crushing the last remnants of solidarity.

Parts of our previous strategies – to formulate alternative policy proposals and fight for a different EU – put us in a defensive position. And we are further from achieving them than ever. As politics becomes more and more right-wing, however, it is becoming less and less possible to depict a “different EU” as a credible alternative. All of these factors have encouraged us to rethink the things we previously argued for.

An exit from the EU?

In the eyes of Attac Austria, there is no doubt that international cooperation and solidarity are indispensable for transforming our economies and societies in such a way that a good life is made possible for all. At its core, however, the EU is a space for intensified competition – both between EU states and at the

global level. The policy of deregulation, liberalisation and privatisation that was set forth in the EU treaties and has been pursued for decades is now also being placed at the core of internationally binding treaties with third countries, with current examples including the TTIP and CETA trade agreements. Yet this policy contravenes the interests of the vast majority. In the light of the current unanimity requirement among the EU Council and the dominance of neoliberal forces, the progressive reform of EU treaties and the hope of alternative economic policy are nothing more than an illusion.

At the same time, a “return to the nation state” or an exit from the EU or the euro is not a solution. From a purely economic point of view, exiting the EU would entail very different opportunities and sometimes considerable risks depending on the EU member state in question. In most countries, due to the current balance of power, an exit would further bolster extreme right-wing forces. Brexit has shown how social movements can be ground down when nationalist and neoliberal forces lock horns over leaving the EU.

But if the EU cannot be saved on our terms, and if an exit is not a solution, then what is to be done instead?

How can we empower ourselves to act?

The European Illusion is intended to be the catalyst for an open and wide-ranging debate that will help us resume an offensive position on advancing our vision of a good life for all. The book

provides some answers, but does not provide cut-and-dried solutions. Instead, we focus on strategic perspectives and how we can empower ourselves to act.

To enable the broadest possible assessment of EU policy, we begin with the political and economic history of European integration; what have been the driving mechanisms behind economic and political unification and the developments of recent decades? This is followed by analyses of key areas of EU policy – what role does the EU play in these fields and what are social movements asking for?

The middle section of the book consists of political inventory-taking: where do we stand today after decades of neo-liberal EU integration, Greece, Brexit and the swing to the right? Do currently held assumptions and beliefs about the EU stand up to scrutiny? We formulate political theses concerning the current situation and the challenges of the debate.

The central focus and concluding section of the book is formed of the strategic chapters, which outline perspectives for action beyond the false dichotomy of “reform or withdrawal”: what scope for action exists within existing EU structures, and for which of our political demands do we need to construct our own alternatives from the bottom up? Which issues have the potential to create ruptures in the fabric of the EU; in individual countries, regions or cities? How can we change the balance of forces at the various levels and amass the necessary power to

make emancipatory politics possible?

On the English edition

The European Illusion was initially published in German in the autumn of 2017. We are very thankful to Rosa Luxemburg Foundation Brussels for their support in translating the book to English.

All the chapters were written initially in early 2017 for an Austrian and German audience. We have made some updates in the course of translating; however, please keep in mind that we were not able to take into account all the developments of the past year.

Most of the contributors of this book live and are politically active in Austria, which strongly influences the perspectives it covers. We believe that as social movements, we need to strengthen our ability to reflect on differences of context, including in a geographical sense. We have tried to add information to make examples from Austria accessible to readers, and to add experiences from other places where possible.

We hope that our book will not only provide the basis for inspiring political debates, but will also sow the seeds of real political change.

Attac Austria, summer 2017, translated and updated for the English version in summer 2018

We wish to offer our heartfelt thanks to all authors of *The European Illusion: Why we need new strategies towards the EU and beyond*, who have not only written fantastic texts, but also patiently endured both our edits and the translation process. We wish to thank the Rosa Luxemburg Foundation Brussels Office for their support of the English version. It would not have been possible without them. Our thanks also go to Hannah Campbell for the translation, the Austrian Mandelbaum Verlag for three successful German editions and Wolfgang Homola for the graphics.

The book would not have come about without the countless comments and suggestions of our contributors, the editing and the coordination of the various texts. We would like to extend our thanks to the editorial team: Manuel Grebenjak, Ralph Guth, Elisabeth Klatzer, Martin Konecny, Lisa Mittendrein, Valentin Schwarz, Alexandra Strickner, Cilli Supper-Schmitzberger, Simon Theurl, David Walch and Augustine Wöss.

If we want to
shape globalisation
in line with our

goals, we need the EU.



THE HISTORICAL ENFORCEMENT OF NEOLIBERAL INTEGRATION IN THE EU

Johannes Jäger

The victor writes the story of the vanquished.
He who beats distorts the faces of the beaten.
The weaker depart from this world and the lies remain.
[Bertolt Brecht]

History does not speak for itself; rather, a number of narratives compete to influence how we think about the past and present. This is especially applicable when it comes to social issues, since there are always a range of contrasting perspectives. Of course, within this context, the formal milestones of European integration are concrete facts. The Treaty of Rome, signed on 25 March 1957, was the first official step in the integration process. The Maastricht Treaty, which governs many of the EU's current economic principles, was signed on 7 February 1992. Yet discussion of the course of European integration cannot be approached merely as a timeline of events; instead, it is important to explain why certain events occurred, who the driving forces were and what impact they had. Facts are not self-explanatory; the explanation of historical processes always requires a theoretical understanding of how things are

connected.

Why do different perspectives exist?

Interpretations of social reality are typically both varied and contradictory. Media coverage is ripe with controversy over which (economic) policies should be implemented and which should not, while individual points of view are often substantiated by reference to studies or scientific expertise. These scientific approaches, too, are often contradictory. One might initially wonder how economists have not yet landed upon the metaphorical "philosopher's stone". On closer inspection, however, this is not surprising at all, since questions of economic policy always revolve around differing interests. What is good for some can be bad for others: for example, while high unemployment can benefit companies by weakening workers' bargaining power and forcing them to fall in line, it is disadvantageous for wage earners. 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. This has been demonstrated in particularly radical fashion by the recent crisis in the EU, where austerity was enforced on the basis that it would lead us out of trouble. In reality, the opposite has happened: that is, the crisis has worsened dramatically and unemployment has massively increased. Rather than triggering a change in

approach, this downturn has been widely adopted as a pretext for restricting workers' rights and making cuts to the welfare state. Institutions backing wage earners had warned in advance that austerity would deepen the crisis and increase unemployment.

It is important to note that differing views on the effects of economic policies exist not only for current, but also for historical issues. This renders the interpretation of history a political issue. Historical analysis engages with the questions of whether past economic policy rules and measures were "successful" and "good". This is important to keep in mind, since history is constantly – at least indirectly – used to derive implications and conclusions for evaluating the current system. As a rule, at any given time, the dominant views on current and historical questions of economic policy reflect the interests of the dominant social forces; in other words, the prevailing ideas are those that favour the ruling classes. In capitalist societies, these are primarily capital interests, although the interests of wage earners are often incorporated to some extent as a result of class compromises. Due to a class compromise between capital and labour, the post-war period in Western Europe saw the emergence of a broad consensus that the so-called (social) market economy represented a fundamentally good way of organising society and the economic system. Though, in many places in Europe, wages had already been deteriorating before and especially during the crisis, the notion that a capitalist

economy is essentially the only sensible form of organisation remained deeply anchored. But prevailing ideas are often challenged, especially when material promises are not kept. In times of crisis, in particular, critical voices and alternative views tend to gain importance.

Liberal perspectives on European integration

How is the (economic) history of the EU usually interpreted? A look at prevailing narratives, such as those found in textbooks on contemporary history or geography, shows that liberal interpretations tend to be dominant. Liberalism as a basic paradigm for understanding the history of the EU is also present in broad sections of the population, where the EU is seen as a peace project and a basis for prosperity in Europe. The “four freedoms” (free movement of goods, services, capital and workers) tend to be presented in an unquestioningly positive fashion, and are also perceived as such. Moreover, the “stages of integration” – from free trade agreements to a customs union, a single market, an economic union and finally a monetary union – are presented as a natural evolution. Each successively higher level of integration is considered as progress, and the historical progression through these stages over the course of European integration is considered a success. Underpinning this is the notion of European integration as the pursuit of an ever-closer union.

The prevailing view on European integration, namely that more

market freedom is always better, is based on ideas that also exist in scientific perspectives. Neoclassical theory – the dominant economic doctrine of the day – is the first and most important of these ideas: a liberal approach that assumes that free markets are efficient and contribute to maximum prosperity. As such, the international liberalisation of markets (goods, services, capital and labour) is considered to be prosperity-enhancing. Some argued that the setting of uniform standards for these markets would increase transparency and therefore efficiency. Central currents in political science take this liberal notion of economics as their base. Within the context of this neo-functional perspective, the emergence of liberal economic institutions in Europe is considered as “natural progress” and is regarded in a positive light.

... and the facts

In fact, European integration was initially accompanied by economic success. The 1950s and 1960s were characterised by an economic boom, and peace prevailed amongst the European states. By the 1970s, however, the scale of this economic growth had begun to decrease on a worldwide scale. In the 1980s, there was a crisis and an ongoing decline in economic growth. The political response to this was further economic liberalisation, as manifested in the creation of the EU single market. However, the result was not – as liberal economists expected – a return to high growth rates, but a further weakening of growth. The general trend towards

inequality and unemployment continued, and the promises of liberal economists were not fulfilled. Rather, they were confronted with a paradox: despite neoliberal reforms, economic growth had not increased, but instead was much weaker than in previous years. With the onset of the crisis in 2008, the problems of European integration became ever more apparent.

A critical political economy perspective on the EU

The liberal view can be contrasted with a critical political economy perspective that does not view the economy in isolation, but always places it in the context of society and politics. The jumping-off point for this idea is that different people have different economic and thus different political interests. At a basic level, the approach compares and contrasts the interests of two main classes. One is the large group of wage earners who depend on the sale of their labour to survive: they produce value, but are only compensated for part of that value in the form of a wage. The other group is the owners of capital, who appropriate value in the form of profit. Within the critical political economy approach, clashes between these classes or class factions regarding the organisation of the economic system are the central area of interest, with the main question being how certain classes manage to enforce their interests over others. The goal is not only to better understand these relationships, but also to provide knowledge to improve the situation of wage earners in general and the socially

disadvantaged and exploited in particular.

In the critical political economy tradition, the history of European integration has consistently been analysed in the context of global economic and geopolitical developments. Within this approach, the process of European integration is understood as the result of class struggles at different spatial levels: local, national, European and international. As such, integration is not viewed merely as the deepening of economic links at the European level, but is also examined as the outcome of class strategies and disputes in the context of the pursuit of global hegemony. On this basis, the specific form of European integration can be seen as a manifestation of the asymmetric relationship between labour and capital.

Phases of EU integration

Against the background of this critical political economy approach, the following section briefly examines the individual periods of integration. The history of European integration is not a linear process, but rather displays a number of distinct phases and turning points.

Fordist integration (1950s to 1970s)

The first phase of European integration, which occurred from the 1950s to the early 1970s, was characterised by high economic growth, high wage growth and a move towards full employment. Trade between European countries was gradually liberalised, but without undermining growth in individual

countries. This phase of economic development is referred to as Fordism and was designed to expand mass consumption on the basis of productivity and wage increases. As a result, quality of life improved rapidly for many people. Industrial development was a central focus, while the financial sector was subject to comparatively strict rules. From a political economy perspective, this development can best be understood in light of the crisis of the 1930s, the associated rise of the radical right in Europe and, eventually, the Second World War. The devastating consequences of an internal "pacification" of the class struggle by fascist regimes were played out to a terrifying extreme.

These experiences led to a certain degree of willingness on capital to compromise with employees, so as to avoid the escalation of conflicts and the associated negative consequences. Concessions were granted in the form of higher wages and improved social standards. Moreover, as early as the 1930s, a new development model had emerged in the United States as part of the New Deal, aimed at increasing wages and establishing a system of social welfare. It demonstrated that such an approach was compatible with dynamic capitalistic development and high profit growth. Productive development was crucial to the Fordist economic model. The division between Eastern and Western Europe was a manifestation of the geopolitical conflict between capitalist and socialist planned economies. As a key victorious power of the Second World War, the US was anxious to establish functional capitalist structures in

Western Europe. Concrete measures included the Marshall Plan and the establishment of a stable international financial order, the Bretton Woods system. Both were designed to promote productive development and to re-establish international trade relations with the USA and within Europe. We can also the USA's efforts to integrate European trade and thereby create the basis for growth against this background.

Crisis and the enforcement of neoliberal integration (1970s to 1990s)

The dissolution of the Bretton Woods system in the early 1970s marked the end of the era of stable exchange rates and effective capital controls. The European integration process, which had been based primarily on the integration of trade, became increasingly tricky, and oil price shocks triggered the crisis of the 1970s. Initially, a number of attempts were made to counteract this with Keynesian economic policy – but in the early 1980s, as Europe moved towards a fixed exchange rate system, these became ever more difficult to implement. In addition, the policy of high interest rates introduced by the USA in 1979 – and the subsequent crisis – triggered a major crisis in Europe relatively soon afterwards. In view of the fixed exchange rate system and liberalised capital markets, monetary policy could no longer be used to stabilise the economy as a whole, but merely to stabilise the exchange rate. Unemployment rose rapidly – yet instead of persisting with capital controls on capital movement as a way of effectively implementing Keynesian

policies, European leaders took the opposite route.

At this point, three different European projects existed – and to a certain extent, it was still unclear which path European integration would take. The trade unions advocated for a social democratic Europe, which would essentially have amounted to a continuation of the previous model. Competing with this were the neoliberal and neo-mercantilist routes: while the former was focused primarily on market liberalisation, the neo-mercantilist approach additionally proposed to create structures to turn European companies into global players, capable of expanding outside Europe. These two options were favoured primarily by large, export-oriented capital interests including the European Roundtable of Industrialists. Eventually, in the 1980s, a combined neoliberal and neo-mercantilist form of integration gained the upper hand. Though it had some sprinklings of social democracy on the surface, it represented a clear break with the previous integration model, and can be understood as a sign of the structural weakening of wage earners in favour of capital holders. In addition, the East was no longer considered an attractive alternative, and ideological competition between the two economic systems came to an end. Accordingly, there was less pressure to make concessions to wage earners; the class compromise was eroded and power shifted in favour of capital. With the introduction of the single market and the Treaty of Maastricht in 1992, the realignment of European integration in its current neoliberal form was formally enforced.

Neoliberal integration and unequal development (late 1990s to 2008)

The 1990s saw the introduction of further integration measures in accordance with the neoliberal approach. The abandonment of fixed exchange rates in 1992 paved the way for the introduction of the euro. The collapse of the European Monetary System (EMS) and the idea that a single currency would help to curb Germany's influence also led many unions to advocate for the euro. In the prevailing spirit of the 1990s, however, and in order to gain Germany's approval for the project, a neoliberal institutional structure was established to administrate the union's monetary and fiscal policy. Continuing in this spirit, it was decided, with the introduction of the Lisbon Agenda in 2000, that Europe was to become the most competitive region in the world. In accordance with neoliberal logic, deregulation (especially of the labour markets) and increasing competition were to play a key role in achieving this.

The consequence was the highly subdued development of wages and the corresponding redistribution of wealth from wage earners to capitalists. In Germany, wages declined in real terms over a long period, mainly due to Agenda 2010 and the Hartz reforms. Although declining wages usually result in demand problems and stagnation, it was possible, in this case, to prevent this. The neoliberal institutional structure of the euro turned out to be functional in this regard: it made it possible to achieve export surpluses in the centre of the EU at the expense

of the European periphery. The lack of demand in Germany and other countries, such as Austria and the Netherlands, was offset by increased exports, while rising debt in the periphery of the EU (partly private, partly public) stabilised overall demand. In this way, economic problems caused by the imbalance of distribution were postponed – at least for a period. At the same time, this created two divergent yet interconnected economic models in the centre and at the periphery of the EU: the export growth-based, neo-mercantilist model at the centre, and the model based on debt and dependent financialisation and import dependence at the periphery.

The radicalisation of neoliberalism during the crisis (since 2008)

Germany was the first country to be struck by the crisis, as exports to the US and then to other countries began to plummet. Soon, other export-oriented countries were also affected. After a period of delay, Keynesian measures were taken to stabilise the economy, and numerous banks were rescued, thereby socialising losses in the financial sector. The crisis across much of the European Periphery can be attributed to the fact that capital flows from the export-oriented countries had dried up. Triggered by financial speculation against government bonds, they turned into capital outflows. These proved disastrous, since the neoliberal European Central Bank was not intended to act as a lender of last resort for affected euro member states. Bailouts and other similar measures were

drafted at the European level to prevent the complete collapse of the monetary union; however, these did not benefit the countries in the periphery, but mainly functioned in the interests of banks and other creditors in the states of the European core. Costs were borne by the peripheral countries, which were forced to introduce austerity policies. At the same time, labour markets were liberalised and wages and benefits drastically reduced.

In the wake of the crisis, this manner of interaction with the European periphery was institutionalised at the EU level, with new and even more neoliberal rules derived from the initial ad-hoc measures. These rules are now in permanent force and, thanks to the associated further loss of democracy in decision-making processes, are authoritarian in nature. As such, the crisis was “solved” in favour of capital, especially in the centre of the EU, and at the expense of wage earners in general and those in the periphery in particular. Capitalists took advantage of the crisis to drive forward radicalised, neoliberal forms of integration in Europe, so it is not surprising that this has already led to violent counter-reactions. While explicitly left-wing projects have so far been rather unsuccessful, right-wing movements have benefited substantially from these developments.

Conclusions

A political economy perspective on the history of the EU shows

clearly that European integration has not been a linear process. Over the history of European integration, there have been breakdowns and crises with far-reaching implications. As the brief historical outline above shows, the neoliberal variant is not the only possible form of economic and political integration, but rather one of a number of possibilities. The implementation of this neoliberal form of integration was both the answer to and the result of social class struggles in the crisis of the 1980s. It occurred mainly at the expense of wage earners, while the capitalists reaped the benefits.

In addition, the neoliberal EU integration model has not solved the deep-rooted problems associated with the imbalance of distribution in Europe. Thanks to the establishment of two inhomogeneous, interconnected economic models in the centre and on the periphery of Europe, it managed to overcome these problems for a time. With the onset of the 2008 crisis, however, the fragility of the neoliberal approach became all too apparent. Instead of tackling the fundamental problem of distribution between labour and capital and creating sustainable structures for development in the European periphery, EU powers opted for a radicalisation of the neoliberal integration approach. This was a consequence of both the weakened position of wage earners in relation to capital interests at the European level and the fragmentation of national working classes in Europe.

As a result, contradictions are getting worse. While right-wing movements have benefited greatly to date, left-wing projects acting in the interests of wage earners are still relatively weak. Despite this, there can be no question that this is *not* the end of this story: the future of European integration remains a hard-fought battle. The answer lies in no small part in countering the prevailing neoliberal interpretation of European integration history and the right-wing critics with a progressive, economically sound perspective.

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ANALYSIS

AGRICULTURAL POLICY

How the EU is destroying smallholder agriculture inside and outside Europe.

Carla Weinzierl

The history of the CAP in the context of the international agricultural and trade regime

The history of the European Union's Common Agricultural Policy (CAP) has its roots in the post-war era. Introduced in 1962 with the objective of restoring food security for the countries of Europe and guaranteeing stable incomes for farmers, it was built around a central political consensus of achieving independence from imports and avoiding the undesirable experience of the pre-war decades: overproduction, price collapses and consequent threats to production structures in Europe. Agricultural production was generally protected from cheap imports by means of high tariffs, though there were a few exceptions – feed imports from the USA, for example, which laid the foundations for the future dominance of the grain, oilseed and livestock industry in Europe. In addition, a process of long-term increase in production was triggered, with price guarantees and structural changes driving a shift from many small farms to a smaller number of large, industrialised ones. The number of people employed in agriculture was reduced in order to free up the labour force for the reconstruction and industrialisation of Europe.

The design of the CAP resulted in an enduring, systemic overproduction crisis. Subsidisation occurred in the form of price support, with producers receiving more money the more they produced. With no restrictions placed on production volume, overproduction was inevitable. Though restrictions *had* been laid out in the GATT (the predecessor of the WTO) to prevent dumping and the subsequent destruction of agricultural systems in the importing countries, they were not observed by the EEC. The “butter mountains and milk lakes” of the 1980s were one manifestation of this structural crisis. The EEC responded, but only by introducing export subsidies. It was only with great reluctance and in a small number of areas (most notably, milk production) that quotas were introduced.

After that, the CAP underwent several reforms to bring it into line with WTO rules – provisions, that is, designed primarily by the EU and the US for their own and for corporate interests. Dumping was redefined by the WTO as the export of goods at prices below internal prices. From that point onwards, the EU no longer rendered subsidies in the form of price support, but as direct, WTO-compliant payments to farmers. With the end of price support, internal prices were ostensibly brought into line with the world market. In reality, however, if we consider that dumping occurs wherever goods are sold for lower than their production costs, the effect of these direct payments was clearly to facilitate its continuation. On the basis of this redefinition of dumping, the EU succeeded both in maintaining its own

protectionism while simultaneously promoting the liberalisation of markets in the Global South for the benefit of agricultural corporations. The basic problem of structural overproduction in the EU persists even today, with developments in the dairy market serving as a prime example: after raising the milk quota in 2003, the EU re-introduced export subsidies in 2009 and abolished the quota completely in 2015. The consequences were oversupply, a fall in prices to half of the cost of production, the further decline of dairy farmers and increased pressure to industrialise milk production, which in turn fuelled the overproduction crisis further. Yet policymakers continue to respond with "business as usual" – that is, with a heavy focus on exports and thus also on a dumping-centred strategy.

It is on this basis that the CAP can be seen as a part of the broader international agricultural and trade regime. This regime is based on a number of factors, the first being the liberalisation of agricultural markets worldwide (and with it, the integration of the Global South into the world economy) and the second being massive imbalances in the subsidisation of agriculture in North and South. This latter factor is also designed to benefit corporations. A third aspect is the increasing industrialisation pressures in the Global South, which are based on unfair import competition and the accompanying misconception that hunger is an underproduction problem rather than a distribution and equal access one. A fourth aspect is that ever fewer, ever larger transnational corporations are monopolising the entire food

chain. The overall result is a multi-layered crisis with enormous social, ecological, political, cultural and economic repercussions across both the Global North and South.

The effects of the CAP and the demands of civil society

The design of the CAP favours agricultural and food corporations and industrial agriculture over small-scale production. Across the EU, 80 percent of direct payments (which account for the majority of CAP funds) go to the largest 20 percent of farms by area; the lowest-earning 10 percent of farms receive just 0.5 percent of the money, while the highest-earning receive 55 percent. This promotes a policy of “grow or perish”, an approach which has seen a third of small farms in the EU close in the last decade alone.

These displacement processes are also taking place in the Global South, where free trade agreements and surplus production in Europe are destroying local production systems. People are losing their livelihoods and self-determination, while poverty and unemployment are leading to rural exodus and the formation of slums. Dependence on food imports is increasing, as are hunger crises, since these imports are subject to severe price fluctuations. The progressive industrialisation of agriculture is devaluing and destroying local and traditional knowledge, leading to the loss of climatically and culturally optimised production methods and seeds and to inhumane

working conditions in the agricultural industry. Industrialisation is damaging the environment and the health of humans and animals. It is causing soil and water erosion, destroying biodiversity and massively fuelling the climate crisis.

In the face of these upheavals, emancipatory movements such as the Nyéléni movement for food sovereignty call for radical agricultural change based on the concept of food sovereignty. They advocate for a coherent food policy rather than an agricultural policy that exists in isolation from trade, social issues and the environment. The basic premise is that food production that is socially equitable, ecologically sustainable and adapted to the local culture, climate and soil conditions should take precedence over export promotion for corporate profits.

The vision of such a coherent, democratic food policy geared towards achieving food sovereignty worldwide is clear: money is paid only to farms that produce food in a socially and ecologically sustainable fashion. Public spending would fall, since the costs of industrial agriculture and supposedly “cheap” food are actually sky-high. Subsidies would be reduced and capped in line with increasing farm size in order to preserve and promote small-scale farming structures, which would also necessitate the reform of farmers’ social insurance systems. In addition, subsidies would be linked to working time requirements rather than farm area. In the medium term, the aim would be to dedicate taxpayers’ money to operations that

are located in particularly unfavourable areas and provide socially beneficial services such as avalanche protection or the preservation of cultural landscapes, biodiversity and recreational areas. At the same time, the prices farmers would receive for their products would enable them to earn a secure, stable income, thanks to the regulation of the food market and the dismantling of the power of agribusiness (including retail). Public money would be earmarked for promoting regional economic cycles - in the context of community-supported agriculture, for example. From an ecological perspective, the sale of agrochemicals such as industrial fertilizers and pesticides would be limited and the use of antibiotics in livestock farming significantly reduced. The production of energy from biomass would be promoted only insofar as it had been proven to be ecologically sustainable and efficient by independent studies. Feed imports into the EU, which are responsible for land grabbing and rainforest clearing in Latin America in particular, would be decreased, and EU export subsidies would be abolished with immediate effect. In the medium term, trade policy would be realigned based on the principles of subsidiarity and complementarity to ensure that trade was not destructive to local food production.

What can we expect from the EU?

In view of the EU Parliament's strengthened decision-making powers, many people had high hopes for the most recent CAP reform in 2014. Yet it was entirely underwhelming:

environmental regulations were introduced only reluctantly and in a completely inadequate fashion, and a move away from the export focus was nowhere to be seen. The next reform promises similarly little hope of a CAP realignment. Driving this approach is the power of global agribusiness, whose aim is to gain access to new export markets and cheap raw materials through further industrialisation. The EU is implementing these interests as effectively as it possibly can, just as it did when it came to establishing the WTO.

In many countries, the EU has become a scapegoat and is regarded as forcing market laws on national agriculture. In fact, the respective agricultural ministers of these countries are the very people who sit on EU bodies and decide this policy. The mainstream farmers' associations and the conservative parties and corporate interests that back them dress up the policy in a deceptive guise and call for high subsidies based on the plight of smallholder farmers. In reality, most of the money goes to big farmers and, indirectly, to the food industry and agribusiness.

The EU is clearly an obstacle to an emancipatory agricultural policy. Yet the same power structures also exist in the member states, from which we must conclude that a return to the nation state is by no means the solution. Instead, new forms of cooperation and coordination are needed, some of which are being co-learned as part of the growing Nyéléni movement for food sovereignty: more and more people are taking part in

alternative, people-powered models of production, consumption and cooperation. In so doing, they are bypassing the EU institutions and the “unholy trinity” of large-scale farmers’ associations, agribusiness and conservative ministries of agriculture. Contrary to the interests represented by the EU and national agricultural policies, the core of this movement is international solidarity.

ECONOMIC POLICY

How the EU uses the single market and monetary union to bolster corporate interests

Elisabeth Klatzer

The Economic and Monetary Union (EMU) lies at the heart of the neoliberal European Union. It consists of two essential elements: the single market project, which includes all member states, and the euro-based monetary union, which currently includes 19 member states.

According to the EU Treaty, the four freedoms of the single market (freedom of capital, goods, services and people) and the closely coordinated economic policies of the EMU are dedicated, first and foremost, to the principle of an “open market economy with free competition”. The EU enjoys far-reaching competences in this regard and has the power to enforce them by majority vote. In contrast, tax, employment and social policies are assigned only a minor role. The EU has limited competences on these matters, and unanimity is often required in order for action to be taken.

It is these factors that 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.

Although the idea of a "social EU" is frequently invoked, it is the very neoliberal alignment of the EU that facilitates the curtailment of social and welfare states in Europe and the weakening of people's, workers', consumers' and environmental interests in favour of capital and corporate interests. Democratic mechanisms would potentially make this difficult to enforce on an individual country basis, which 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. Of course, it is not only European capital groups that play an important role in this process, but national ones, too.

The euro as catalyst for Europe's economic and political cleavage

The neoliberal foundations of the monetary union were enshrined in 1992 in the Maastricht Treaty. In principle, there were a number of positive options available to those who designed it: a progressive monetary union could have expanded the scope of action for economic policy, detached state financing from the power of the financial markets and promoted balanced regional, economic and social development. To achieve this, the European Central Bank (ECB) would have needed to be committed to these goals and legitimised via democratic means. Direct state financing could,

under certain criteria, have been an important element in curtailing the power of the financial markets. But a functioning monetary union with the goal of high standards and a good life for all would have required a coordinated and progressive fiscal, wage and tax policy.

Instead, the political decision was taken to pursue a form of monetary union that would deprive the member states of budgetary scope for action and thus undermine the existence of the individual welfare states. From the very beginning, the financial compensation mechanisms provided to compensate for regional differences within the EU were limited, with economic divergence between countries and regions simply being accepted as unavoidable fact. Price stability was the primary objective, with economic and social development pushed to the background. Wages were deliberately utilised as the preferred adjustment mechanism for economic imbalances, which whipped up a wage-related race to the bottom. The ECB was established as an allegedly independent centre of power, preventing the exercise of democratic influence over monetary policy. At the same time, lopsided influence increased: it is not by chance that the current head of the ECB is a former Goldman Sachs banker. The monetary union enshrined the prioritisation of the free movement of capital and the dominance of the financial markets. The ECB's explicit ban on the financing of state budgets was designed to put public budgets under pressure.

The specific design of the Economic and Monetary Union has exacerbated the emergence of imbalances between member states. By definition, within a monetary union, it is impossible to reconcile divergent levels of economic development through the devaluation or revaluation of currencies. This leaves the sole option of offsetting via wages. Since wage development is not coordinated, the EMU has fuelled a dynamic of wage cuts and wage competition. This is exactly the spirit the neoliberal creators of the monetary union intended, and it pushes competition between European locations to its extremes.

Real wages in Germany, for example, were falling even before the crisis (specifically, with the beginning of the “red-green” coalition and their “agenda 2010”), sparking a downward spiral of competition. As German products became comparatively cheaper at an international level, high surpluses and profits were achieved in foreign trade. Germany established its economic supremacy at the expense of workers in many low-wage industries and at the expense of other member states. In Southern Europe and France, trade deficits increased. In addition, Germany’s high surpluses and profits drove the search for quick profit opportunities and the subsequent speculative bubbles that arose in other member countries, such as the real estate bubble in Spain. Finally, EU structural and regional funds are repeatedly used to finance transnational construction investment – most notably road construction in the interests of export industry – rather than being invested in productive

industries or social infrastructure. This has added to economic divergence within the euro area. In this sense, the EU is not an engine of integration, but of economic cleavage. We are now witnessing how this economic cleavage can lead to social and political disintegration.

After the crisis: The economic policy straitjacket is tightened

With its one-sided focus on budget discipline and price stability, the Maastricht Treaty was responsible for the early introduction of stranglehold criteria that limited the scope of economic policy. It did this by blocking particular budget and monetary policy paths aimed at pursuing the primary goal of balanced economic development. The Stability and Growth Pact prescribes pre-balanced budgets for the medium term and sanctions for non-compliance. With its introduction, the scope for an active fiscal policy to increase public investment or combat crises was drastically reduced.

This economic policy straitjacket was further tightened in the wake of the global financial crisis - yet it was not the liberalised financial system and the speculators responsible for the crisis who were asked to pay. They were rewarded by state bailouts, while the vast majority of the population were left to bear the burden in the form of austerity policies. At the same time, it was not Germany - whose low-wage policy had fuelled unequal economic development in the EU - that was subject to

sanctions, but the countries that had suffered most from this development. The economic governance regime, which was introduced hastily in 2011 as a kind of a shock therapy, didn't just serve to consolidate an incorrect and disastrous formula - it also expanded into new areas. The Fiscal Compact and Six pack packages locked down new options for enforcing budget discipline and established permanent rules for reducing public debt and initiating further cuts in public spending and social benefits. On top of that, the new rules enforced mandatory "reforms" - in other words, deterioration - in public security systems and labour law. They also enforced wage cuts, with a strengthened system of surveillance and sanctions in the form of fines. In this context, "reform" actually meant deregulation, liberalisation and reduction of benefits. Furthermore, the surveillance rules related to "excessive imbalances" and "competitiveness" served merely to increase pressure on wages and to force the reduction of workers' rights and weaken unions.

This economic governance is proving to be the most effective weapon in the neoliberal, authoritarian power shift. A small, male-dominated economic and financial elite in the EU Commission, Council, Ministries of Finance and ECB has increased its power and influence with no effective democratic control and is pursuing a neoliberal mission of serving transnational capital interests. It is therefore not surprising that outsourcing, cuts and privatisation in the public sector -

including in health, pensions and social affairs – have had a negative impact on large parts of the population and have increased inequality. It is often women who are required to compensate for cuts in the social sector in the form of unpaid work, with the result that social and gender inequality and insecurity are increasing dramatically. Even as this occurs, additional funds are being directed towards the male-dominated police and militarisation programmes favoured by the EU Commission and most governments.

Outlook

The debate over the Economic and Monetary Union has always been touted as a conflict between the interests of individual member states, especially those of Germany and France. In reality, however, it is 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. The quintessential neoliberal orientation of the Union is currently not up for debate; on the contrary, the proposals for “completing the EMU” and the EU’s future seek to exacerbate the neoliberal constitution and the sanction mechanisms. Such proposals further propel the authoritarian restructuring and militarisation of the EU – again, in the interests of the few, not the many. Given the hard reality of EMU, the often-repeated and long-favoured rhetoric regarding the EU’s social dimension does nothing more than distract us and give rise to false hopes.

We shall overcome!

ENVIRONMENTAL AND CLIMATE POLICY

How the EU is increasingly prioritising the needs of the market above the protection of nature

Manuel Grebenjak and Michael Torner

The role of the European Union in setting environmental and climate policy

Two of the predecessors of today's EU, the European Coal and Steel Community (ECSC) and the European Atomic Energy Community (Euratom, which still exists today) were formed to promote economic sectors now regarded as key issues in environmental policy. Environmental matters in and of themselves were not included in the treaty establishing the European Community in 1957. It was only with the EEC Summit Conference in 1972 that they were assigned their own place in European politics.

During the years that followed, environmental policy became increasingly important. In 1987, it began to be regulated as an area of action under primary law. Since then, objectives and priorities have been defined in the form of multi-annual environmental action programmes, while environmental aspects are required to be considered in other relevant policy areas in line with the integration principle.

On paper, EU environmental policy is based on precaution and

prevention, the “polluter pays” principle and the approach of combating environmental damage at its roots. While the early days of EU environmental policy focused on reducing local pressures such as air pollutants and waste, climate protection is now the dominant issue. The issue we are currently facing is that in recent decades, environmental policies have become increasingly subordinate to market demands. In 2005, the EU introduced emissions trading, thereby rendering emissions of the greenhouse gas CO₂ a tradeable commodity. Other areas of industry also maintain a prevailing viewpoint that the solution of ecological problems can be reconciled with “sustainable growth”. Current EU strategy papers, such as the biodiversity strategy and “Europe 2020. A strategy for smart, sustainable and inclusive growth”, embed environmental policy with the EU’s neoliberal principles and growth dogma. The “Roadmap for moving to a competitive low carbon economy in 2050” shows that competition is the key factor underlying EU climate policy, even though what this global challenge really calls for is effective cooperation.

Impacts of EU environmental and climate policy and the demands of civil society

One of the foremost achievements of EU environmental policy is the Natura 2000 network of protected areas. Together with the Habitats Directive and the Birds Directive, this forms the basis for nature conservation in the EU. 18 percent of the EU’s total land area and 6 percent of its sea area are designated as Natura

2000 sites. However, it is important to note that the protected areas are drawn from several categories: Natura 2000 includes both strictly protected wilderness areas *and* sites used by humans, such as agricultural and forest land. Existing and potential protected areas are under pressure due to conflicts of use. As a result of this, their condition is liable to deteriorate and vital expansion of the areas may be slowed down.

Particularly with regard to climate protection and the energy transition, the counterproductive nature of the competition orientation and market logic has now become all too clear. Much of the current progress in reducing greenhouse gas emissions has been achieved through unsustainable measures such as "agrofuels", whose intensified use has serious consequences far beyond the EU borders. The admixture of plant-based ethanol or oil is carried out with the stated aim of reducing the CO₂ emissions of combustion engines across the EU, yet as well as achieving only a marginal reduction, it is partially responsible for land grabbing and the destruction of large forest areas. A prime example of this is Indonesia, where palm oil is produced as a basis for biodiesel. Civil society criticism forced the EU Commission to modify its plans in 2012, since when there has been increased use of second-generation biofuels obtained from straw or waste. However, even this does little to tackle the fundamental problem. Although agrofuels can contribute somewhat to the achievement of intermediate goals, their long-term effect is to delay and hinder the comprehensive

formation of alternatives to the internal combustion engine and individual mobility.

The bottom line is that the largest beneficiary of the promotion of biofuels was and still is the all-powerful European automotive industry. New, not-yet-marketable technology for the capture and storage of CO₂ will only help perpetuate the existing system. Among other things, this technology can be used by coal-fired power plants and large-scale industrial plants to reduce their CO₂ emissions.

In recent years, the EU has increasingly been pursuing plans to expand nuclear power. Despite all the negative aspects of this energy source, it is being touted as a tried-and-tested means of reducing CO₂. Membership of Euratom is an automatic feature of joining the EU. Through their contributions to the Euratom budget, even member states that do not use nuclear energy are promoting its expansion and further research. It is due to this policy that new nuclear power plants are now being planned in 14 EU countries. Existing competition rules are also being bent in favour of nuclear energy, for example through the granting of state subsidies for the planned power plants Hinkley Point C in the United Kingdom and Paks II in Hungary.

Industry, electricity production and intra-European air traffic in the EU are subject to an emissions trading system aimed at regulating around 45 percent of EU greenhouse gas emissions. As a first step in this process, an EU-wide emissions cap was

established for these sectors. Under the system, companies are required to purchase certificates for CO₂ emissions, but are also assigned large CO₂ allowances free of charge. Now, thirteen years after its introduction, it seems evident that EU emissions trading has not been a success. An oversupply of certificates and low prices did not create the desired incentive for companies to reduce their greenhouse gas emissions. Instead, emissions trading has brought in billions in profits, even for some of the larger carbon emitters.

In contrast, the demands of a globally-minded civil society are focused on sustainable structural change. If we want to stem climate change, the fossil energy system, which is dominated by a few large corporations, must be transformed into a decentralised, democratically organised system of renewable energies. Nuclear phase-out has been a central struggle of environmental movements in many countries for decades. New technologies with damaging effects, such as CO₂ storage and emissions trading at the expense of the Global South, are met with similar disapproval from civil society. In place of these things, we hear calls for investments in reducing energy demand, such as the thermal insulation of buildings or the expansion of public transport systems. Faced with the progressive destruction of natural habitats and increasing soil sealing, EU citizens are fundamentally calling into question the current trajectory of growth.

What can we expect from the EU?

The EU has pledged to reduce its emissions by 80 to 95 percent of 1990 levels by 2050 as a contribution to limiting global warming to two degrees. By 2030, the aim is to have reduced emissions by 40 percent. However, current greenhouse gas reduction strategies will soon reach their limits and are not compatible with the much-needed socio-ecological transformation.

If the EU continues to pursue its neoliberal growth policy and press ahead with market-oriented strategies, none of our most pressing environmental and climate problems will be resolved. Even flagship projects like the Natura 2000 network, anchored as they are in the neoliberal approach, will not be able to reach their goals. The diversity of habitats, species and genetic traits continues to be placed under threat. 17 percent of mammals and more than one third of all habitats in Europe are classified as endangered, while almost half of Europe's fish stocks are considered overfished.

To compound this, environmental guidelines themselves are being placed under pressure. As part of the REFIT process launched in 2012, the EU Commission has conducted audits of numerous policy areas within the framework of reviews known as "fitness checks". A process that is outwardly sold as simplification and optimisation is actually being used to undermine social and environmental standards. A rolling-back

of nature conservation directives of this kind appeared imminent in 2016. It was eventually able to be prevented, but only through major involvement by civil society and a campaign by environmental NGOs.

Little positive development seems likely in the near future. On the contrary: 20,000 corporate lobbyists from the fossil, automotive manufacturing and energy supply industries are currently working to influence the actions of the European Commission and the European Parliament. Free trade agreements are heralding fears of the further watering down of policy under the guise of harmonisation. The extension of market mechanisms to other areas of environmental policy is undermining sustainable steps to reduce CO₂, as are “flexible mechanisms” such as the ability to offset environmental damage with land use measures. The previous principles of the EU environmental policy – most notable, the precautionary principle – are being eroded by EU trade policy.

As the planet’s natural limits for pollution are exceeded, the EU’s environmental challenges will only increase. When formulating plans to deal with them, it is crucial that we do not rely on technical progress and the healing powers of the market. Instead, the question will be how quickly we can create sustainable structures and production and consumption patterns – patterns within which a good life for all can be reconciled with the preservation of natural bases of life.

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FINANCIAL MARKET POLICY

*How the EU is once more expanding
the casino system*

Peter Wahl

The liberalisation and deregulation of financial markets was the driving force of the wave of globalisation that began in the 1980s. Until then, financial markets had been largely conceived of as being confined to the nation states. The Bretton Woods system of monetary management covered the governance of international financial relations and included fixed exchange rates, capital controls and political coordination.

When Bretton Woods ended, liberalisation and deregulation began. The process was modelled on neoclassical (neoliberal) theory, which is built on the core belief that financial markets are efficient and self-regulating. Its early adopters included Thatcher's Britain and the US under Reagan. As financial markets became transnational and thus increasingly difficult for nation states to regulate, a new stage was set for capitalist development. Some refer to it as financialisation. The Keynesian tradition calls it "casino capitalism", while others talk about market-driven capitalism, or financial capitalism for short.

The EU did not yet exist in its present form, but its predecessor, the European Economic Community (EEC), had already been

established. The degree of integration in the EEC was much lower than in the EU. It was essentially a free trade area with a customs union. Financial market issues did not form the subject of common policies.

Free movement of capital – The principle at the heart of the common market

This changed fundamentally with the Maastricht Treaty and the establishment of the single market in 1992. The single market functions like a national market and serves to guarantee the four so-called “fundamental freedoms”: the free movement of capital, goods, services and workers. Within this system, the principle of free competition applies.

In addition, the movement of capital enjoys a special status: its cross-border mobility doesn't only apply between member states, but also for the movement of capital with the outside world. As Article 63 of the EU Treaties states: “Within the framework of the provisions set out in this Chapter, all restrictions on the movement of capital between member states and between member states and third countries shall be prohibited.”

From the outset, the neoliberal approach of Thatcher and Reagan was embraced enthusiastically by the EU and cemented in law. The above-mentioned fundamental freedoms fall under the umbrella of “primary law”, which affords them precedence over national law (*hard law*). Other interests – such as workers’

rights, tax justice or the environment – remain within the competence of the member states and are classified as *soft law*. If conflicts arise between hard and soft law, they can be brought before the European Court of Justice (ECJ). To date, the Court has passed several judgments restricting even fundamental rights (such as the right to strike) in favour of internal market freedoms.

As a result of all this, there is a fundamental imbalance built into the architecture of the EU's legal system: financial interests (first and foremost, the interests of financial capital) are privileged both systematically and under law and, in effect, are privileged with constitutional impact, while other interests are forced to assume a lower priority. In critical discussions on Europe, this is referred to as "neoliberal constitutionalism".

This system of priorities works automatically to block any regulation of the financial sector that is geared to the interests of the wage-dependent majority – as long as they adhere to the contracts and judgments of the ECJ, anyway. To put it in the starkest possible terms: the economic constitution of the EU is a mechanism for the obstruction of emancipatory financial, economic and social policy.

The EU – An engine for the establishment of casino capitalism

The Maastricht Treaty not only enshrined the free movement of capital, but also provided an opportunity for the member states

to standardise the rules for their national financial markets. An action plan (the Financial Services Action Plan) was created for this purpose in 2000. Here, too, the overwhelming tendency was towards deregulation and the downwards adjustment of standards – in other words, towards more liberal rules.

From the 1990s up until the crisis of 2008, the EU functioned consistently as an engine for the establishment of a casino capitalist system, with all the consequences one might expect. The volumes of capital on the financial markets grew enormously in quantity, generating a huge pressure to yield profit. Corporate financing, in particular for large corporations, migrated from traditional bank loan financing to market-based financing. The real economy slipped further under the influence of the financial markets, while shareholder value (the stock value of a company) became the key indicator for the performance of corporate activity. New players – such as highly speculative hedge funds and private equity funds – gained a great deal of influence, while “innovative” products such as credit default swaps (a type of derivative) became big sellers and were later regarded as toxic assets. High-risk business models like naked short selling, which bet on falling prices, were allowed to run rampant. As a result of all this, the systemic instability of the financial sector increased dramatically across the EU, culminating in 2008 with the entire sector collapsing like a house of cards.

Beyond the immediate changes in the financial markets, market-driven capitalism has also had other consequences. There has been a strong pressure on public services in the direction of privatisation, including on health services and pensions. Tax systems have been adjusted in line with financial interests, with the result that the financial sector is generally undertaxed and the public sector chronically underfunded. The casino capitalist system promotes redistribution from the bottom to the top, contributing to deepening inequality. In addition, the influence of financial markets exacerbates the erosion of democracy. As early as 2000, the then-head of Deutsche Bank boasted, "Investors no longer have a need to pursue the investment opportunities offered to them by their government; rather, governments must follow the wishes of investors."

While the financial crisis is not the only cause, it is one of the key factors contributing to the current political instability throughout the EU and the rise of the New Right.

Reforms to increase the stability of the casino environment

The EU played virtually no role in managing the financial crisis. Both the bank rescue and the multi-billion economic stimulus packages designed to curb the effects on the real economy were provided with the money of member state taxpayers, since only the nation states had the necessary political, legal and financial instruments.

After 2008, the EU implemented a series of financial market regulation reforms. Among the most important of these were an increase in capital requirements for banks, restrictions on risky derivative transactions and business models, a resolution mechanism for banks and the improvement of supervision. For large banks, this is now carried out by the European Central Bank (ECB).

But while this tackled a number of key problems and made a certain contribution to systemic stability, it did not prevent the casino system from operating in itself. At best, it made the system more stable – and for the gamblers in particular. In addition, certain problems were not tackled at all, including shadow banks and the problem of “too big to fail” (the assumption that some banks will be saved at any cost to prevent them bringing the whole system down with them). Though the acute drama of 2008 and 2009 has subsided, the crisis continues to bubble under the surface.

According to the IMF, a quarter of banks in the EU and the Eurozone have shrunk by as much as 30 percent. These zombie banks are kept afloat only by the fact that the ECB, relying on a creative interpretation of its statutes, has supplied the markets with cheap money in the order of up to a trillion euros. But even this is not enough. Banks have since needed to be rescued with public money, with examples including the Italian Monte dei Paschi.

Capital markets union – The rollback begins

In the interim, the zeal for reform has come to a standstill – in fact, not only this, but the rollback has already begun. The Capital Markets Union project – a brainchild of the Juncker Commission – is aimed at getting deregulation rolling again and restoring acceptability to risk financing under the pretext of improving financing for small and medium-sized enterprises. But Brexit has brought it grinding to a halt.

The reason for this is that Brexit seems likely to promote deregulation via different means. Some actors will move from the City of London to Paris or Frankfurt, strengthening the “culture” of unbridled financial capitalism in the EU. On the other hand, the financial industry on both sides of the channel will exert pressure to achieve the most favourable conditions for their own side in the divorce settlement, with the risk that special agreements will become the gateway for undermining the existing rules.

Finally, the Wall Street-friendly policy of the new US administration will increase the pressure to roll back. Trump has already moved to topple the Volcker Rule (a rule that protects consumers from risky behaviour by preventing banks from carrying out certain investment activities) and announced further plans to liberalise. Furthermore, suggestions from the British government that Britain will form an axis between the City and Wall Street post-Brexit would, if realised, result in an

Anglo-Saxon zone of liberalised and deregulated financial markets, which in turn would occupy an immensely strong position on the global financial markets. This would significantly worsen international competitive conditions faced by competitors to the EU. As such, it is to be expected that the financial lobby in the EU will exert strong pressure to relax the regulations that emerged after 2008.

On the other side, emancipatory politics must hold firm to the lessons of the 2008 crash. The power of the financial markets over the rest of the economy and society must be broken. Financial capital needs strict regulation, and its potential must be placed at the service of socially just, ecologically sustainable development. The conclusion of the UNCTAD 2009 report on the financial crisis is as valid today as it was then: "Only the closure of the casino can bring about a lasting solution."

GENDER EQUALITY POLICY

How the EU has engaged reverse gear on gender equality

Elisabeth Klatzer and Christa Schlager

The European Union has long been perceived as a driver of gender equality. This perception has its roots in EU legislation, which has led to changes in individual member states and brought about some progress in the 1990s. It continues to exist today – yet the EU's positive image in this regard does not stand up to closer scrutiny.

The treaty establishing the European Economic Community, the predecessor of the EU, was the first to lay out the principle of equal pay for equal work (later extended to work of equal value). Yet this was less about stopping discrimination against women than preventing competitive disadvantages for France, where equal pay had already been enshrined in law. A series of EU directives focusing on anti-discrimination, gender equality at work and various other labour market measures were also adopted, and the Treaty of Amsterdam enshrined the commitment to promoting gender equality in all policy areas (gender mainstreaming). Despite this, since the beginning of the new millennium or perhaps even before, women's and gender equality policies have been stagnating or even moving backwards.

To obtain a comprehensive overview, we must look beyond anti-discrimination and gender equality laws and policies and assess the impact of general EU policies on gender equality and on the actual situation of women. The Gender Equality Index created by the European Institute for Gender Equality shows that the EU is little more than halfway towards equality. Instead of driving forwards, it is making progress at a “snail’s pace” or even regressing, as is the case in a number of member states in regard to the distribution of paid and unpaid work. Even today, more than 60 years after the prohibition of wage discrimination, the EU still remains some distance away from this goal. From the outset, the basic problem of women’s and gender policy in the EU has been that it is subordinate to the demands of “the market” (i.e. business interests) and the EU’s dominant “competitiveness” paradigm, which promotes neoliberal transformation.

The EU: On the retreat in matters of equality

Many EU equality policies have been scaled back over recent years, one example being the small but important budget allowances for gender equality that have gradually disappeared from the overall EU budget. The separate equality budget of the 1990s was integrated into the broader PROGRESS programme in 2000. In 2010, equality became a matter under the justice umbrella, which meant that it was no longer possible to determine the extent of specific spending on gender equality. In the late 1990s, the European Social Fund’s New Opportunities

for Women programme was replaced by a weaker community initiative. For the period 2014 to 2020, the ESF did not earmark any special funds for gender equality at all. And the new medium-term budget framework proposal by the European Commission for 2021-2027 is even more gender-blind: gender equality is not visible at all, there is no attempt to integrate it into other policy areas (gender mainstreaming), and it is even proposed that funds for combatting violence against women should be cut – while military expenditure is being increased twenty-two-fold.

Though the inclusion of gender mainstreaming in all EU policies is generally considered a positive development, most core areas of the EU are not displaying any efforts to mainstream gender equality at all. On the contrary: the EU budget (like many other aspects) remains largely gender-blind. Gender budgeting, the approach whereby gender equality is integrated into budget policy, is not being applied.

Despite the existence of treaty provisions for gender equality, setbacks are occurring in key areas. While the employment policy of the 1990s included a dedicated pillar on equal opportunities, proposals for promoting gender equality have now all but vanished – and this has occurred despite the persistence and increasing entrenchment of enormous inequalities in the labour market. The minor role played by gender equality in employment policy today is solely to

promote corporate interests such as cheap labour as a result of higher female employment rates. The quality of jobs and the situation of women in the labour market are decidedly not a focal point. In addition, any semblance of priority for women's and gender policy has largely been eliminated from regional and cohesion policy, while in the majority of key EU policies – economic, climate, infrastructure and energy, to name but a few – equality has never played a role at all. Not only is there no progress, but past achievements are being threatened as well.

At the same time as the need for gender equality institutions and programmes is being widely highlighted, the EU Commission is systematically reducing them. The *Commissioners' Group on Gender Equality*, which was established in the 1990s, was continuously weakened until its eventual dissolution in 2010. The vital and well-functioning *Gender Equality Unit* was removed from the Directorate General for Employment and reassigned to Justice, systematically weakening the cause. This was then further weakened by the Unit's leader being called away in the middle of 2016 at short notice and not replaced for a long period. After being systematically downgraded over many years, the strategic work programme on gender equality is now ranked at the lowest level of Commission documents: it is no longer a Communication from the Commission to the European Parliament and the Council, and is not adopted by the College of Commissioners. It is classed solely as a staff working

document and does not have any binding effect.

Negative impacts of key areas of EU policy

To conduct an overall assessment of gender equality policy, it is important to look at the impacts general EU policies have on gender equality. One example of this is EU policy in the aftermath of the financial market crisis, in particular the new economic policy rules that have been codified in various legal acts since 2010. A glance at the EU *economic governance* regime shows clearly how EU policies endanger past advances in equality and reinforce inequalities. The new economic governance undermines democratic mechanisms and shifts power to unelected institutions. In economic, budgetary and “structural” (i.e. neoliberal) reform policy alike, it opens the door to greater power of intervention by EU institutions over member states’ economic policies. At the same time as weakening democratic processes in budgetary and economic policy, it strengthens male-dominated, non-transparent institutions whose policies are based on highly traditional gender images.

Economic governance forced large cuts in government spending in both the crisis-hit states and the rest of the EU. Though it effected many changes to the public sector and the state as a whole, the cuts were targeted primarily at areas related to well-being; these include health and social issues, both of which are of significant importance for women as employees and service recipients. Less public sector

employment has far more serious consequences for women than men, since public sector pay gaps are lower, opportunities for advancement are better and working conditions are generally more favourable than in the private sector. The costs of public spending cuts are shifted to the family space and compensated, first and foremost, by the unpaid work of women. In wealthier households, the burden often shifts to female migrants, who are poorly paid and sometimes lack documents. The latter fact frequently leads to them ending up in relationships of dependence and exploitation with their employers. Simultaneously, a predominantly male elite benefits from tax cuts for corporations and the wealthy.

Economic governance is accelerating the shift in the state's role from a driver of welfare to a guardian of "competitiveness", which actually refers to increasing private profit-making while reducing social transfers and services. This is associated with major gender imbalances, and we are witnessing a re-masculinisation of social relations as a result. At the same time as social services and social security are being attacked, the male-dominated police and military state is being expanded both in the EU as a whole and in many member states.

Key points of action in the struggle for gender equality and gender justice

In order to promote gender justice, gender equality and the emancipation of women in Europe and beyond, three main

themes should be placed at the centre of transformative movements: placing well-being and care at the forefront, valuing work beyond paid jobs and promoting gender justice in democracy. In addition to ensuring enough resources, feminist institutions, and promoting gender justice perspectives in all policy areas, we must work towards placing what really matters at the centre of economic policy. It is not competitiveness, the interests of financial industry, profits and economic growth that should be the focus, since these benefit only a small elite, but rather the wellbeing of all women and men, as well as environmental protection. In order to achieve a good life for all, *care* for humans and nature must be placed at the centre of politics.

Our understanding of work needs to go far beyond “jobs”. Caring for people, being politically active, having high quality gainful employment and caring for oneself are all equally important as areas of work. As such, there is a need for a radical reduction of gainful working hours in order to free up time for richer human lives”.

Gender democracy is a basic foundation of gender justice – and this goes beyond the balanced representation of women in institutions, though even this is far from being achieved. Important areas such as economic policy continue to be largely dominated by men. A radical move towards the substantial democratisation of decision-making processes, public service

provision and work-life balance is required. It is not realistic to expect all of this from the EU.

Equality and gender justice play no role in current debates on the future of the EU, in which overwhelmingly masculine transnational *and* national elites largely dominate the discourse. Authoritarian and masculine values and worldviews are on the rise. At present, European discourse focuses primarily on the expansion of police and military capabilities. The talk is of "security policy", yet EU policy actually promotes social and political insecurity and inequality.

As in the past, women's movements and social movements will be central drivers of social progress and change. We cannot and must not wait for the EU, but must act to promote gender justice perspectives and alternatives "beyond the EU", with broad alliances at local, national and international levels.

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MILITARY POLICY

How the EU safeguards its trade policy by military means

Thomas Roithner

The EU's 2016 Global Strategy has something for all. "Our interests and values go hand in hand," it says, whereby "soft power and hard power" also appear to be firm companions. While some read the document and see fairness, prosperity and conflict prevention, others see an arms programme facilitating "high-end military capabilities". According to the EU strategy, a comprehensive programme is to be implemented to ensure "full-spectrum land, air, space and maritime capabilities". Military and trade power within the EU are to go hand in hand. Geopolitics and geoeconomics are forming an amalgam, so say Birgit Mahnkopf and Elmar Altvater - and accordingly, the neoliberal economic policy and the (overwhelmingly military-oriented) foreign assignments of the EU are to be designed in tandem. Because of this, it's important to consider social justice and peace alongside each other as part of the resistance.

Current logic of security and military

Over the past two decades, wars and disasters have meant that foreign, security and military policies have had to "evolve", say military, political majorities and the defence industry. This is nothing more than "militarisation" and "securitisation", say the critics.

Think back briefly to NATO's Kosovo war, which contravened international law and led to the formation of a 60,000-strong EU intervention force. The EU's commitment to upholding international law has been intensely debated ever since. Will the EU wage war in contravention of international law in the future? 9/11 has also significantly disrupted the relationship between freedom and security in Europe. Ireland's rejection of the Nice Treaty - the only popular vote to be held on this matter - was pivotal in establishing a security-focused "core Europe" with the aim of facilitating EU military operations. The terrorist attacks in London and Madrid gave the European Defence Agency - formerly and more accurately referred to as the European Arms Agency - the boost it needed to begin its work. Now, barely a crisis goes by in which calls for an EU army are not heard. One of the social democratic consequences of Brexit, for example, was the demand for a European FBI and a powerful military core Europe led by the German and French. Every crisis brought with it a disproportionate degree of securitisation and valorisation of the military and surveillance services, with too little crisis prevention and civilian crisis management alongside it.

Foreign missions are one of the more visible manifestations of foreign and security policy. In numerical terms, some two thirds of the three dozen past and current missions are civil in nature, with only the remaining third being military (figures correct as of 2018; however, if you look at the number of staff, about 80 percent are military and only 20 percent civilian, with the

majority of this 20 percent being police).

It has been suggested – for a not-insignificant number of the EU's foreign assignments – that the desire to secure access to raw materials also plays a role, and it's an accusation that is not easy to dismiss. Examples include naval deployment in the Horn of Africa, EU military operations in Chad and Congo or missions in Georgia and Libya. The EU "Battlegroup" units train, for example for combat operations in deserts, mountains and jungles. Debate on EU reform sees security policy (in general) and the upgrading of a globally deployable military (in particular) as a catalyst for further integration. These measures are also visualised as a core European project from which other EU members can be decoupled under specific conditions. The EU purports to be moving in a social direction, but is actually turning towards military power.

Back in 2003, the EU's security strategy noted that in the event of new threats, the first line of defence would often be deployed overseas. The term "defence" has become an Orwellian one in the EU context, and is frequently used interchangeably with intervention.

A glance at the arms industry reveals significant concentration processes. When it comes to the purchase of arms, the rule of the otherwise-free market – which is normally held in such high esteem – is suspended. While public debt that bolsters into the social budget is frowned upon, debt for the purchase of

weapons has become socially acceptable, and exceptions are often demanded accordingly. The EU makes this expenditure palatable to the population by invoking the argument of jobs and employment. A separate EU agency exists to promote global arms exports, with the result that since the 2003 Iraq war, EU countries have sold almost as many weapons as the US or Russia. Not infrequently, EU export interests and EU values (human dignity, equality and freedom) are two completely different kettles of fish. A force for peace would certainly look very different.

From a security mindset to one of peace

The EU pursues a so-called “coherent approach” whereby different policy areas – global trade, economics, justice, military or development – interlock and work efficiently. In principle, this is an added value of the EU. Crucially, however, it indicates nothing about the actual direction of policy. It is not only efficiency that must be pursued, but peaceful trade, economic and resource policies. Today, in the field of security, “more Europe” is a byword for “more military”.

Securitisation means giving disproportionate weight to traditional security instruments – arms, military, violence, the construction of walls – while systematically eradicating civilian alternatives from the debate. The criticism of the EU’s foreign and security policy and the sometimes isolationist and protectionist policy of the nation states should not limit our

thinking on alternatives. A comprehensive paradigm shift from security to peace logic must encompass actors, instruments and principles.

We are constantly relayed the message that war and military force are the “last resort” – yet we do too little make a success of the penultimate and pre-penultimate options. Civilian means are not only more effective, but cheaper, too. The staffing balance of the EU’s foreign deployment forces is characterised by enormous asymmetry: for its 93,000 registered military personnel, there are only around 12,500 civilian personnel (mainly police and civil defence). Trained civilian forces operating beyond the scope of the police and judiciary on a non-violent basis are an essential feature of credible foreign policy. This would require that EU states make these instruments available and undertake political commitments to use them.

In addition, too little attention is paid to the multilateral network of institutions existing at the global level. In foreign and security policy, in particular, the UN offers a broad range of instruments and opportunities for progress. Operating through its institutions, and deploying a number of important approaches, it pursues a comprehensive peace policy that goes far beyond the narrow concept of security. The Environmental Program (UNEP), the Development Program (UNDP) and the High Commissioner for Refugees (UNHCR) are all examples of projects whose scope goes beyond the mere economic

interests of a bloc of states. These programmes give rise to opportunities and majorities for disarmament and arms control – opportunities that have been rejected by a majority of EU countries, e.g. through the rejection of the nuclear weapons ban. Furthermore, the UN's prohibition of force is not only a central component of the international order, but one which has been violated repeatedly by states – particularly Western states – since 1989. The expertise gained by the Organization for Security and Co-operation in Europe (OSCE) regarding civilian crisis prevention and confidence-building measures is forced to compete with the “global player” face of the EU. As such, it is helpful to look beyond the EU and not be limited by its ideological corset. And for the purposes of clarification: the goal is internationalism, not a return to the nation state.

The responsibility for developing, researching and testing civil approaches must also be taken up by the EU institutions. Essentially, the proposal is for a core Europe run on a civil basis. Partners within and outside the EU should be derived based on the various relevant areas of responsibility: civilian crisis prevention, reconciliation, mediation, civilian crisis management, initiation and support of disarmament, oversight of peace processes or non-military post-conflict rehabilitation. This civilly-oriented core Europe can be understood as an approach in the overall collective interest, with monitoring and support for research placed on an equal footing with civil society and critical observation by the media. The design of a

comprehensive prevention agenda is not an abstract concept, but a source of added value in the opposition of new fences and walls in and around the EU.

Outlook

The referendum on the EU in Great Britain and the US foreign policy of Donald Trump have functioned like a catalyst for the implementation and strengthening of an autonomous EU military and armaments policy. Since these developments, a Military Planning Capability (a kind of headquarters) has been established, internal financial resistance to the EU battle groups has been removed and a new kind of mobility of troops and armament ("military Schengen") has been promoted to improve foreign military assignments. In foreign and security policy, the current objective of the EU is not the overcoming of nation states and national interests, but rather their hierarchisation. The security-oriented core Europe group (Permanent Structured Cooperation; PESCO) is a good example of this, since the criteria and projects for core Europe are based exclusively on military factors. Civil factors are of no consequence for the security-oriented core Europe dominated by Germany and France. Those who are politically willing and militarily capable set the tone, even though currently, the approval of all EU states is required in order for military operations to take place. One of the official goals of core Europe is "regularly increasing defence budgets in real terms".

Present and future military projects in the context of PESCO require a strong armaments industry. The European Commission proposed € 13 billion for the “European Defence Fund” (EDF) in the financial framework for 2021-2027. With the contributions of the individual member states, the budget for development is then quadrupled. The representatives of the armaments manufacturers have played an integral role in establishing this project, one of whose aims is to protect the global political and economic interests of the EU. Among the desired effects of these developments is a high level of global armament exports by EU member states. In this respect, the EU offers no alternative to the current global dynamic of confrontation.

A rapid development of military capacities, instruments and the armament industry within the EU is now apparent. At the same time, the EU has a lack of a common foreign policy, with no common stance on nuclear weapons, politics regarding Russia, the recognition of Palestine, Kosovo or dealing with refugees. The list of disagreements is long. Common EU combat forces will not be able to compensate for a divided foreign policy, but instead will serve to reinforce the democratic deficit.

MONETARY POLICY

Why the ECB is a powerful and undemocratic institution

Stefan Ederer

Unlike many other areas of policy in the EU, monetary policy is completely centralised. The EU Treaties stipulate that it is determined and implemented by the European Central Bank (ECB), with the primary objective being price stability. According to the Central Bank's interpretation of this term, price stability is achieved when annual inflation is just under two per cent. The ECB is independent, autonomous and determines the instruments used for monetary policy at its own discretion. The highest decision-making body is the Governing Council, which consists of the ECB's Executive Board and the national central bank governors.

The main instrument of monetary policy is the key interest rate (main refinancing rate). According to prevailing economic theory, interest rates are to be raised in times of good economic growth and high inflation in order to dampen business investment and thus avoid an "overheating" of the economy. In a weak economy, the opposite should occur. The (short-term) key interest rate – or "policy rate" – is the only rate that can be adjusted directly by ECB. (Longer-term) lending rates and interest rates on government bonds, which are more important for the real economy, are (indirectly) affected by the key rate,

but also depend on other factors. The perceived probability of the default risk of loans and bonds also plays a role, as does the profitability and risk appetite of banks. It has become evident that in times of crisis, it is no longer possible to control the state of the economy using the interest rate alone: a cut in key interest rates has little impact on productive investment and employment.

Monetary policy further includes the provision of liquidity to the financial sector. Normally, banks require only a small number of loans from the Central Bank, since they manage savings deposits and lend each other money in the interbank market. If confidence in individual banks or in the entire financial sector falls – perhaps because it is unclear how many “bad” loans and securities are on the balance sheets – then people prefer to hold cash, leading to a bank run. Lack of trust can also mean that banks are no longer willing to lend money to each other. In these cases, the Central Bank grants loans to commercial banks in exchange for collateral. However, this option is available only to banks rated as solvent by the ECB and is intended as a short-term bridging solution. For states and other public institutions, there is no such financing option: the EU treaties prohibit the ECB from directly financing state budgets.

Monetary policy before and after the crash

From the beginning of the monetary union in 1999 until the outbreak of the financial and economic crisis, monetary policy

was considered "conventional" from the point of view of mainstream theory. Inflation was close to two percent and confidence in the financial sector remained strong. However, growth in this phase was, to a large extent, driven by credit and asset price bubbles, a fact to which the ECB paid insufficient attention. The lack of regulation of financial markets meant that these bubbles got bigger, burst and, spreading from the USA, caused the financial crisis in 2007.

From 2008, monetary policy changed dramatically. Interest rates in the eurozone were sharply reduced. The ECB provided large amounts of liquidity to the European banking sector, which had been brought to the brink of bankruptcy by speculation and credit bubbles. However, the ECB's monetary policy soon reached its limits: although interest rates had been reduced to zero, the economy was still not gaining momentum. This also led to a steady decline in inflation, which at times hovered dangerously close to the zero line. Deflation - i.e., falling prices - would have further dampened demand and possibly led to a prolonged stagnation of economic output.

Due to the bank bailouts and the severe economic crisis, public debt in the euro area increased significantly. Because of this increase and the ECB's explicit contractual ban on government financing, interest rates on Greek government bonds began to rise from spring 2010 onwards - yet the Central Bank only reacted once speculation had spread to Ireland, Portugal, Italy

and Spain. The first purchase programme for government bonds was approved once the troika - with the input of the ECB - had agreed on a loan arrangement with Greece. But the purchases were only half-heartedly communicated and were also somewhat non-transparent, with the result that in the spring of 2012, interest rates in Italy and Spain rose sharply once again. Finally, in July 2012, the ECB President announced that he would do "whatever it takes" to save the euro, which was interpreted as the willingness - where necessary - to buy government bonds. As a condition of this purchase, it was stipulated that the country in question must agree to a loan programme with the EU. As it turned out, however, the ECB announcement alone was enough to prevent further increases in interest rates.

Finally, in 2015, a programme was started under which large numbers of government bonds (quantitative easing) were purchased indirectly via private financial institutions, thereby increasing their profits. An unconditional government bond guarantee, which is provided as a matter of course (at least implicitly) in countries such as the United States or the United Kingdom, still does not exist in the Eurozone. As a result, speculative attacks on government bonds and the resulting sovereign debt crises continue to be unavoidable. Since 2016, the ECB has also extended the purchase programme to include corporate bonds - a move that primarily benefits large corporations, particularly in the automotive and extractive

industries.

The inglorious role of the ECB in Greece

The ECB played a highly inglorious role in the 2015 Greek negotiations, where it teetered on the brink of legality. A few days after Syriza's electoral victory in January, the Governing Council of the ECB took the unprecedented step of stating that Greek government bonds would no longer be accepted as collateral for lending by the Central Bank. The official reason was that it could no longer expect the bonds to be fully repaid; however, the move was justified solely on the basis of statements and remarks, not on concrete decisions by the new Greek government. As a consequence, Greek banks were effectively cut off from any influx of liquidity from the Central Bank and rendered dependent on emergency loans from their own central bank. This dramatically increased uncertainty about their future and triggered a creeping bank run.

In March 2015, the ECB piled another log on the fire: in its capacity as the regulator, it banned Greek banks from buying more Greek government bonds, which further limited the governments' room for manoeuvre. At the height of the negotiations and on the eve of the June referendum, the ECB increased the pressure once more: it stipulated that the Greek central bank was no longer permitted to increase the level of its emergency loans. In doing so, it cut off the entire Greek banking sector from its source of liquidity and forced the government to

introduce capital controls to prevent the collapse of the banking system. For months, the gradual cutting off of funds was also accompanied by the stoking of fears by the ECB. Rather than preserving the stability of the financial sector as required by EU Treaties, the ECB risked its stability to increase pressure on a left-wing government and influence negotiations on the third loan package at the expense of the Greek people.

Outlook

A renewed flare-up of the euro crisis could happen at any time. Because of this, we need a central bank that, where necessary, can shore up the public sector and provide direct funding to create employment. The financing ban for public institutions should be deleted from the EU Treaties. Furthermore, the central bank should support a large-scale, EU-wide investment programme for the socioecological restructuring of the economy, for example by buying up bonds issued by the European Investment Bank. Finally, democratic oversight of the ECB by the parliaments should be strengthened, which could help prevent the central bank misusing its powers in the same way it did during the Greek negotiations.

Realistically, however, we can assume that the rules of monetary policy will not undergo any significant change within the next few years. The ECB is likely to gain even more power, and it is not improbable that a similar approach will be pursued against non-conforming, progressive governments as was pursued in

Greece in 2015. As a result of this, the sole option remaining to individual member states is to attempt to reduce their dependency on the financial markets and the Central Bank by broadening their revenue base. This could be achieved through measures such as taxes on immovable assets, although little support from the EU institutions can be expected in this regard.

The only way to increase the stability of the financial sector is through in-depth restructuring. Public financial institutions, whose functions are limited to the true core activities of banks, could be one way to achieve this. Any scope for action that is still available to national regulators should be used to downsize and break up banks, reducing the vulnerability of this sector to crises. Overall, however, individual governments are likely finding it difficult to challenge the neoliberal functioning of monetary policy and the financial system, firmly embedded as it is in the architecture of the EU.

REFUGEE POLICY

How the EU is shifting its responsibility for refugees¹

Fabiane Baxewanos

The central role of the EU

The EU has long played a decisive role in the area of European refugee policy. In both a legal and factual sense, the EU has gained increasing decision-making powers in this area of competence. Despite the present climate of nationalist rhetoric: Europe's current refugee policy is largely Brussels-made.

Yet this does not mean that member states have been deprived of their powers. On the contrary: we are currently witnessing efforts throughout Europe to take decisions exclusively at the national level, though this often contradicts existing EU law and therefore has – at least legally speaking – limited prospects of success. Increasing Europeanisation has created a political and legal framework that directs member states' policies in certain ways. European refugee policy offers a forum that promotes certain national discourses and pushes others to the background. And despite the involvement of member states via the Council of the EU, it enjoys a significant degree of autonomy.

In certain areas, such as the rights of refugees during the asylum procedure, this shift in competence to the EU level has thus far

been a welcome development. In recent years, EU reforms have improved national practices and raised standards in many member states. The downside is that this is neither a consistent nor a sustainable process.

First of all, European institutions are politically divided over the issue of refugee policy. The EU Commission, the EU Parliament and the Council of the EU occupy very different positions on various important issues. They are often internally divided, too, as demonstrated by the current discussion on humanitarian visas for refugees: while part of the European Parliament takes the position that EU member states are required, under European law, to issue humanitarian visas in particular situations, the Commission and the Council are vehemently opposed to this view. They argue that the relevant EU law provision is restricted to a small number of exceptional cases; otherwise, the door would be open to an unlimited number of refugees.

Furthermore, refugee policy is, by its very nature, a matter of negotiation. Both national and EU politicians face electoral pressures, and increasing xenophobic tendencies in many member states are threatening once-liberal views at the EU level too. Many argue that popular resistance to a more open refugee policy threatens the very integrity of the EU and that, as such, it is vital to take greater account of national concerns, particularly in Eastern European countries. As a result of all this, the current

reform of the European asylum system is much less focused on refugee protection than the last major reform of 2013. The problem is that because the Commission is still clinging fast to the idea of harmonised standards, it is attempting to achieve these standards at the cost of significantly lowering them. Better to harmonise at the level of the lowest common denominator than to risk fragmentation: this appears to be the rationale.

Ultimately, the creation of harmonised refugee law standards *within* the EU has led to the EU's greater fortification against the outside world. The precondition for what is now referred to as the "area of freedom, security and justice" – that is, a Europe without internal borders and with harmonised standards – was the sealing off of the bloc from the outside world. To this end, it not only fortified its common external border, but also adopted deterrence measures outside of European territory. Today, people are now often stopped outside the external border before they can enter the EU and thus acquire rights. In addition to the reintroduction of controls at national borders by several member states, we are seeing an increased militarisation of the external border ("Fortress Europe"), with the stated goal of reducing the overall number of arrivals. Official discussions often overlook the fact that refugees are thereby deprived of the opportunity to exercise their right to asylum.

In this process of internal regulation and external sealing off, the EU has become more central than ever. First, it is proposed that

EU asylum law will be directly applicable in member states in the future. This is to be achieved by adopting the majority of future EU asylum rules in the form of regulations and not as directives, as has been the usual practice to date. Unlike directives, regulations do not need to be transposed into national law, but are directly applicable. Second, the EU Commission has been the driving force behind the greater involvement of non-EU states, particularly in North Africa and the Middle East, and has extended the mandate of the EU's external border agency Frontex in this regard. Since the recast of its founding regulation, the agency has had the explicit competence to cooperate with third countries. This trend of a so-called "externalisation" of European border protection is outlined briefly in the following section.

"Fortress Europe" and its effects

Perhaps the most striking trend of European refugee policy in recent years is the emphasis of its so-called "external dimension". This refers primarily to the shifting of migration controls to non-EU countries. This is intended to ensure that refugees are intercepted not just when they reach the European border, but actually long before it. This takes the form of control operations on the high seas, patrols in Libyan coastal waters, exit controls, or checks at international airports. The EU-Turkey "agreement" of March 2016 and current negotiations on an agreement with Libya are concrete examples. What human rights organisations call a violation of international refugee law

is presented as necessary by the European Commission: such agreements are meant to provide some "breathing space" to deal with those who have already arrived. The cynicism of such statements in the face of blatant abuses at the gates of Europe appears to go unnoticed.

For many, the result of this deterrence policy is that the flight ends before it has really begun. If people still manage to reach EU territory, there are a number of existing legal tools that allow them to be returned to their countries of origin or transit. This is possible due to the concept of "safe third countries", which declares certain countries to be generally safe for refugees. Whether the required minimum standards are met in practice is often not sufficiently examined.

At the same time, there is wilful ignorance of the fact that increasingly closed and militarised borders and the lack of legal migration routes are producing irregular migration in the first place. As long as wars and persecution exist, refugees will seek protection in Europe. It is in our power to allow them access to legal pathways or to continue driving them onto ever more dangerous routes. Instead of declaring human smugglers and, most recently, NGOs as major culprits, legal immigration options such as humanitarian visas, family reunification or resettlement programmes should be stepped up. This is the easiest way to stem irregular migration. If we continue to ignore this, the consequences will remain the same: people drowning

in the Mediterranean, shipwrecks portrayed as “tragedies”, refugees frozen to death in refrigerated trucks, pervasive sexual violence on the routes through North Africa and across the Balkans. All this can be prevented: we merely need the political will to implement what is already legally possible.

Outlook: Political strategies

Currently, a great deal of hope rests on Europe’s courts. In the face of political blockades, many call upon judges to act as the last line of defence for refugee law and the rule of law in the EU. And indeed, some of the most serious instances of human rights abuses have been reversed – at least for the time being – by courts: Italy’s push-backs to Libya on the high seas or transfers to Greece without individual guarantees are just two recent examples.

Yet our trust in the law must not be blind: law also operates in a political context, and judges do not enjoy limitless discretion. If political realities move too far away from existing legal provisions, the law will not remain the same for long. Ordinary laws can be reformed; constitutional or human rights law can be reinterpreted. As such, the formulation of a political strategy remains a key concern.

As a final thought, I therefore would like to propose five key questions that we, as human rights actors, should answer:

1. Alliances: What alliances do we need to form? How

can we succeed in stepping outside our own bubble?
How should we work with EU institutions; how should we work with state actors? Where are our red lines?

2. Time frame: How do we define our goals; are they short or long term? Is our focus on celebrating small achievements, or are we developing strategies for more fundamental change? How can we ensure constant reflection, so that we evaluate our goals and our ways of achieving them on a regular basis?
3. Anti-crisis communication: How can we change existing narratives? How can we deconstruct concepts such as "crisis", "emergency", "disaster", "influx", "floods" and "waves", which are more reminiscent of natural disasters than of refugee movements? How can we convey that crises and illegality are manufactured constructs?
4. "Us" and "them": How can we avoid these arbitrary, binary boundaries? How can we build bridges? How can our commonalities be reinforced in everyday life?
5. Humanitarianism vs. rights discourse: Do we see refugees as victims or as actors with agency? How do we reflect on our position of power in our role as aid workers? How can we exercise this power carefully, without falling into paternalism, expectations or even demands of gratitude?

1 This post reflects the author's personal views, not necessarily those of the United Nations or UNHCR.

SOCIAL POLICY

How the EU is failing to improve the social situation of its population, despite its announcements

Christine Mayrhuber

Social policy at the European level

From the very beginning, the development of the European Union pursued economic goals. The theoretical implication and political hope was that economic prosperity would automatically trickle down to the entire population. European social policy was not a separate issue, but was seen as a dependent variable of economic and liberalisation policies. It was with the introduction of the Single European Act in 1986 that European social policy began to gain in importance for the first time, with the adoption of specific regulations relating to minimum health and safety standards, the prohibition of pay discrimination and other social issues. Overall, however, emphasis remained on the competition-friendly design of (social) legislation in relation to the four fundamental freedoms (free movement of services, goods, capital and people). Employment and social policies remained primarily the responsibilities of the member states, and EU institutions were limited to defining a few general regulations, for example on anti-discrimination.

The EU lacks the objectives, competences, institutions and

financial resources to pursue redistributive social policies or services. The European Social Fund (10 billion euros per year, 10 percent of the EU budget) is too small to be able to take on any kind of social equalisation role. Other structural funds, like the European Agricultural Fund for Rural Development (38 percent of the EU budget or 0.4 percent of the EU's GDP), have targets in different areas. The next EU budget (2021-2027) is intended to strengthen the Union's social dimension through a merge of existing funds and special resources (called ESF+) that are reserved for fostering social inclusion. However, the new resources will not enable structural social change on a European level. Such a goal would necessitate balancing mechanisms within the Eurozone to prevent the ongoing adjustment processes between countries that occur via decreasing wages. These then further increase social and economic inequalities.

The liberalisation process in the single market has led to increasing income inequality, unemployment and poverty. The EU, for its part, has responded with numerous programmes: the European Social Agenda of 2000, the EU2020 goals of 2010 and the EU's social investment strategy for growth and jobs were all intended to counteract the increasing levels of social polarisation and heal the damage of the crisis.

Yet even as these programmes are carried out and new ones are formulated, the stringent budget rules of the Stability and

Growth Pact are putting pressure on national social regulations and spending. As part of its crisis management programme, the EU Commission demanded direct cuts in labour rights and the welfare system from the crisis-hit states. In other member states, this happened indirectly, via budgetary guidelines. Social inequality in Europe is becoming greater, not less. Even in those countries that survived the crisis relatively unscathed, income and wealth inequality is rising. The average rate of unemployment in the EU lay at 7.8 per cent in 2017 as a result of the crisis, but within the individual member states, it varies between 2.9 per cent in the Czech Republic and 21.7 per cent in Greece. Around 21 million people in the EU are unemployed, with one third of the population at risk of poverty or social exclusion.

Until the 1970s, the social security interests of workers and their families were anchored in the national welfare state. The welfare systems of the EU member states were characterised by social inclusion, and social policy increased the welfare status of individuals as well as the national economy. Policies were aimed at balancing the interests of work and capital. A high level of economic and social security facilitated people's acceptance of trade liberalisation and the single market project. Today, as the economic and social protection of broad sections of the population dwindles, this acceptance is now decreasing. The rise of populist political parties and movements is one manifestation of this decreasing acceptance and solidarity.

Recent years have seen the introduction of a new EU social policy initiative, the “Pillar of Social Rights”. Like its predecessors, this initiative is at odds with and, above all, subordinate to European economic and budgetary policy. Sanction mechanisms exist only in relation to budgetary targets, not socio-political objectives. As such, the establishment of the new pillar does not represent a reform of the EU’s budgetary guidelines. Instead, it is a form of support for well-functioning labour markets at a point in time when there is not enough paid work within Europe and/or this paid work is not fairly distributed among the workforce. Instead, the structural problems of the labour market are addressed with guidelines for changing individual behaviour and job placement.

The European pillar of social rights

In 2015, President Juncker announced the creation of a “European Pillar of Social Rights” as a response to the impact of economic and social developments and the loss of confidence in the EU. It was discussed in the EU institutions, national parliaments, social partners and civil society and presented in spring 2017. The discussion process assessed whether existing EU legislation on employment and social issues needed to be changed in the light of new economic and labour market developments. However, the process was not intended to result in compulsory minimum European social standards, but to address areas that impede the deepening of the monetary union.

The design of the pillar covers three areas. The first of these, equal opportunity and access to the labour market, covers a broad spectrum including equal opportunities for education and employment, individual job search assistance, secure and adaptable employment and flexible working hours. The second, fair working conditions, addresses appropriate protection against dismissal, improved work-life balance and productivity-based pay. The third, adequate and sustainable social protection, covers the need for adequate minimum wages, unemployment and retirement benefits, equal access to (care) services and benefits for people with disabilities.

The topics are formulated in hard-hitting way, have a progressive ring and address many of the areas that display a pressing need for action in terms of the reintegration of large sections of the population into Europe's economic prosperity. However, the pillar focuses more on outlining problem areas than defining specific measures for achieving the drafted minimum standards. This is exemplified, among other things, by the pillar's central emphasis on individual responsibility. In spite of widespread and persistently high unemployment, uniform economic incentives are proposed as ways of promoting participation in the labour market. Improved individual job placement and higher-level qualifications are seen as routes to improving the economic situation of those affected. In short, unemployment is seen primarily as an individual problem and not a structural, pan-European one. But improved job

placement for individual job seekers can never be more than a drop in the ocean. Furthermore, the new pillar addresses individual behaviour and private lifestyles as an aspect of the problem. In this regard, social policy is not about balancing capital and labour interests, but about influencing and controlling the behaviour of individuals. This development is not new, but the new pillar exemplifies it.

Another contradiction in the design of the new pillar is the goal of productivity-based pay. First of all, if this goal was not able to be achieved in the past in high performing countries like Germany or Austria, how could it possibly be achieved in countries or during periods with low economic growth rates? Secondly, we are observing unstable employment and income histories for a growing group of workers in addition to a growing number of self-employed. A productivity orientation will not improve the economic situation for these groups.

The central focus of the EU lies on the conditions of the financial markets, the euro, sovereign debt and bank stability. Rather aptly, therefore, the draft social pillar states that Europe's ambition should be to earn a "social AAA rating". Even if this is intended in a symbolic manner, it raises the question as to how development is measured. Is it assessed from the perspective of profit-maximising financial markets, the sustainability of public finances, a re-distributive, empowering social policy or long-term equal opportunities? The social pillar includes progressive

elements such as gender equality, proper pay and social transfers, labour market promotion and health and safety; however, the basic structures of the EU – competitiveness, price stability, financial market dominance or the European fiscal compact – are never called into question. At the same time, national social spending, which is economically and socially vital to large groups of the population, is under pressure due to the budget rules. While national room for manoeuvre in regard to social policy is limited by stipulations on budget discipline, no viable European social policy has been established in return – not even by the progressive-sounding social pillar. Instead, an instrumental understanding of social policy persists, with the belief that labour markets, welfare systems and social and labour law regulations should be aligned ever more closely with the production conditions of the economic and monetary union.

Outlook

The severity of the social and economic problems in the EU necessitates preventive social policies and a reorganisation of economic and, particularly, budgetary policies. The “exploitability” of human labour and resources has reached its limits. Achieving social and economic shifts and social justice will require new standards of prioritisation in the economy and in society, with a rejection of the short-term profit interests of the few in favour of the long-term vital interests of the many as a key unifying principle. The European Pillar of Social Rights addresses the virulent social problems in Europe, but without

subjecting them to structural examination and rectification.

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TAX POLICY

How the EU is fuelling tax competition

David Walch

Tax fraud and tax dumping are a key factor in rising inequality. As the tax revenue from multinational corporations and wealthy individuals falls, the majority pays the price - in the form of higher taxes or worsened public services.

The race to the bottom in corporate taxes is a global problem. What is remarkable, however, is the way the EU has fanned the flames internally: the average corporate tax rate in the EU fell from 49 to 24 percent between 1980 and 2014, a greater decrease than in other industrialised nations. The top income tax rate has followed this downward trend. Despite an increasing concentration of wealth, many EU countries have abolished or reduced their taxes on wealth. A pronounced downward spiral has also been seen in the tax rates for capital income, which - unlike wage income - is increasingly less progressively taxed.

Yet the downward spiral in nominal tax rates is only part of the problem. The tax rate from mobile capital continues to decline due to the shift of profits and wealth to low-tax countries and tax havens. Profit shifting by multinational corporations - much of which takes place legally - has led to worldwide tax losses of

approximately 500 billion dollars, while up to 32 trillion dollars of private wealth is parked in tax havens around the world.

Tax policy in the EU

Within the EU, tax policies can only be implemented on the basis of unanimous decisions by all member states. Though the EU Parliament is consulted, it has no right of co-decision. In addition, according to the EU Treaties, tax harmonisation is generally only permissible for the purpose of ensuring the “functioning of the single market” or preventing “distortion of competition”.

When it comes to indirect taxes – that is, mass taxes such as value added taxes (VAT) or consumption taxes – harmonisation measures are laid out in the EU Treaties to prevent them acting as “obstacles to the internal market”. These measures have been implemented consistently since the 1960s and are constantly undergoing further development; VAT, for example, is subject to a European minimum rate of 15 per cent.

In contrast, no degree of harmonisation is explicitly stipulated in the Treaties in regard to direct taxes (income, wealth or corporate taxation). Because of this, harmonisation measures have been implemented only occasionally or without obligation. Discussion regarding the harmonisation of corporate tax rates persisted until the 1990s, without fruitful results. Since that time, the Commission has generally viewed tax competition in a positive light as a result of its perceived ability to reinforce the

“budgetary discipline of individual states”. Isolated attempts at progress, including as a result of eastward expansion, were unsuccessful on account of the protests of low-tax countries.

In regard to wealth and capital income taxes, too, any harmonisation of tax rates or introduction of minimum rates appears to be as much of a political non-starter as the additional option of restricting the free movement of capital to non-European countries.

Although tax policy is formally a matter of national competence, the freedom of EU-member states to determine this policy is severely limited. The Maastricht Treaty permits restrictions on market freedoms only in exceptional circumstances. However, since the ECJ does not classify tax revenue as an “overriding requirement of public interest” (!), states are not able to make use of existing safeguard clauses to protect themselves unilaterally against tax dumping. While it is true that the so-called “sweetheart deals” between member states and multinationals – which included tax rates of less than one percent and were made public by the LuxLeaks-scandal – were judged by the Competition Commission as “illegal state aid”, this does not paint the whole picture. The fact that Ireland and Luxembourg were refusing to charge corporations for billions of euros’ worth of back tax payments shows how deeply corporate interests have embedded themselves in the “business models” of certain EU member states.

Equally problematic is the fact that EU countries can fuel tax competition at a unilateral level, but have barely any ability to defend themselves against it at the European level, since this would require unanimous agreement. At a national level, this favours both corporate groups and interest groups demanding tax cuts for the rich. Ultimately, the question is usually only about how to respond to existing tax competition, not whether it is desirable in the first place. As a result, states have formal tax autonomy, but are nevertheless caught up in the tax race to the bottom of the “free” single market.

The European fight against tax fraud and tax avoidance

The financial and economic crisis and tax scandals such as LuxLeaks or PanamaPapers have put “illegal” tax fraud and “legal” tax avoidance on the international political agenda after many years of falling through the cracks.

The most comprehensive attempts to prevent tax dodging at the EU level exist in respect of natural persons. Back in 2005, the European Savings Tax Directive agreed on the automatic exchange of information regarding taxation of savings income in the form of interest payments in the EU, albeit with major loopholes and gaps. One such loophole is that the Directive did not apply to third countries, while Belgium, Austria and Luxembourg insisted on retaining their banking secrecy. The initial drive for tightening the regulations was provided by the

USA's attempts to crack Swiss banking secrecy and obtain information from the accounts of US citizens abroad. As of 2014, and based on the political objectives of the G20, the OECD has been working on developing a comprehensive standard for the automatic exchange of information between tax authorities (AIE). This is now also being implemented in the EU. Although this standard represents an important paradigm shift, it still leaves numerous loopholes open for tax dodgers and places developing countries at a particular disadvantage.

Furthermore, so long as wealth can be hidden anonymously in trusts, shell companies or other non-transparent structures, the automatic exchange of information alone is not enough. To counter this issue, the EU's fourth directive on money laundering requires the implementation of mandatory registers of the beneficial owners of such structures operating in the EU. These registers will be open to the public or to persons with "legitimate interest" by 2020. The AIE also stipulates the exchange of detailed annual reports by corporations on their economic activities, profits and tax information in each country ("country by country reporting"); however, only about 5 per cent of companies (those reporting over 750 million euros' turnover) are required to comply with this requirement. A better method would be to make these reports publicly accessible in the interests of transparency and public scrutiny, as is already the case in the EU for banks and commodity companies. Although the European Parliament and the EU Commission are in favour

of this, countries such as Germany and Austria still oppose it.

But the international taxation of corporations suffers from a fundamental design flaw. When it comes to taxation, national subsidiaries of multinational corporations are treated as if they were completely separate entities, which in turn allows them to shift their profits to branches in low-tax countries. These include EU-tax havens as Ireland, Luxembourg or Malta. The profits reported in the actual location of value creation – where higher taxes are incurred – are much lower. The current approaches of the OECD and the G20 (which are also implemented in the EU) attempt to stem this tax fraud by means of complex technical solutions, but do not attempt to fundamentally fix the system.

One potential fix for this issue would be the introduction of “unitary taxation”. Within this approach, multinational corporations are treated as a single entity (that is, with one global profit figure) rather than as loose collections of separate entities trading with each other. Using a formula based on genuine economic factors like sales, payroll or physical assets, this global profit is then allocated to the countries in which the corporation does business and taxed accordingly. This approach would put an end to profit shifting to tax havens.

Interestingly enough, since 2001, the EU Commission has been proposing a kind of EU-level “unitary taxation” called the “Common Consolidated Corporate Tax Base” (CCCTB). Due to fierce political resistance from member states, current plans are

restricted to the harmonisation of tax bases and the offsetting of losses. The all-important issue of the allocation and taxation of profits is to be decided at a "later date" – in other words, maybe never. The biggest danger, however, is that the CCCTB will be implemented without minimum tax rates, since these are not yet even under discussion. If this happened, it would further displace tax competition to the nominal tax rate and continue to fuel the race to the bottom.

Rattling the neoliberal foundations

There is no doubt that more international cooperation is needed to combat tax fraud and tax avoidance – and it is certainly the case that some promising initial steps are being discussed or taken at the European level after decades of inaction.

However, replacing the principle for unanimity in the EU with majority voting not only appears somewhat utopian, but would also be problematic due to the democratic deficit of the EU Council – after all, tax issues also include the question of distribution amongst the EU States. What's more, there are legitimate reasons to defend historically grown tax systems, and unifying 27 systems would be anything but straightforward.

The necessary fiscal harmonisation is not only being blocked by traditional profiteers such as Ireland or Luxembourg. Rather, it is the case that even large countries are unwilling to make strong, effective counter-offers, or are blocking moves for change

themselves. The underlying issue is that lines of conflict are not only determined by “national egoisms”, but also by the same national capital interests that benefit from the competitive discourse. For evidence, one need only look at the endless debate surrounding the introduction of the European Financial Transaction Tax. It is therefore urgently necessary to clarify these lines of conflict precisely at the EU level.

Last but not least, the distinction between “unfair” and “fair” tax competition – an ongoing dominant area of focus at the EU level – completely ignores issues of distribution. However, there is no scope for a European tax-debate on distribution of wealth in either the current institutional framework (unanimity) or the current mainstream of the EU. For this, the EU would not only need to be democratised, but would also need to scrutinise its “self-imposed constraint” of the free movement of capital – in other words, to shake the very neoliberal foundations on which it is built.

TRADE POLICY

*How the EU is helping to shape globalisation for the
benefit of corporations*

Alexandra Strickner

The EU's role in trade policy

Competences for trade policy have fallen under the Community umbrella since the founding of the EEC, while investment policy competences were rendered an EU matter with the introduction of the Lisbon Treaty. Because of this, trade agreements on tangible and intangible goods (e.g. services or protection of investments) with third countries are the responsibility of the EU.

EU competence for trade and investment policy means that the EU Commission (specifically the Directorate-General for Trade) negotiates agreements with third countries on the basis of a mandate provided to it by the EU Council. The EU Parliament has no say in the mandate or in the negotiations. Depending on the content of the resulting agreements, these must be ratified either by the EU Council and the EU Parliament or by these two bodies plus the parliaments of the member states. The latter case applies whenever the agreements pertain to national competences. As such, the EU Commission and the EU governments are the key players in this regard, while national parliaments and the European Parliament merely have the task of ratifying the agreements. In practice, it has been shown that

they almost always approve them. Realistically, the scope for rejecting a negotiated, finalised agreement is severely limited due to the immense political pressure involved.

Up until about 2006-2007, the EU sought to assert its trade and investment interests within the framework of the World Trade Organization – that is, in a multilateral fashion. In 2001, a new round of negotiations aimed at further liberalising world trade was launched in Doha, Qatar, but ended in standstill when the countries of the Global South opposed EU and US plans to adopt further liberalisation measures in the absence of significant concessions. As a result, the 2008 Global Europe Strategy saw the EU shift its focus to the bilateral and bi-regional level. The EU currently maintains trade agreements with more than 50 countries (including customs unions and extended partnership agreements) and is currently negotiating trade and/or investment protection agreements with more than 25 other countries.

For more than three decades now, European trade policy has spread its focus far beyond the issue of tariffs. Today, trade agreements serve to make the neoliberal economic order irrevocable at transnational level by using international law. The EU's interests lie first and foremost in the opening up of export markets for the benefit of globally active European companies and in protecting EU investments through the introduction of "investor-state" regulations. The EU Commission has worked

demonstrably closely with business associations to develop its trade agenda, with the result that its trade and investment policy is dominated by corporate interests. At no time in the process has provision been made for public debate, the participation of civil society actors or the effective involvement of parliamentarians at EU and member state level; rather, this involvement occurs only at a rudimentary level, when public debate has been produced through campaigns (e.g. TTIP and CETA). Both the EU Commission and the governments of member states prefer to maintain secrecy and conduct negotiations behind closed doors.

The impact of EU trade and investment policy and the demands of civil society

EU trade policy ensures that European companies (particularly EU corporations) have access to export markets for food and industrial goods. At the same time, it opens up the European market for imports. Ultimately, EU trade policy seeks to utilise international agreements to increasingly pit farmers and workers around the world against one another in the aim of increasing corporate profits. This has led to the destruction of independent production structures in many countries of the Global South and thus also to poverty, exploitation, inequality and increasing import dependency (in the food sector, for example). At the same time, low transport costs and the reduction of tariffs on industrial goods has afforded EU citizens access to cheap consumer goods. In many cases, this has

happened as a result of European companies' outsourcing of industrial goods production to countries where they can produce more cheaply due to lower wages, less social security and lack of environmental protection. This is accompanied by increasing pressure on wages and social protection in the EU. In agriculture, the combination of export orientation and the opening up of markets has been responsible for increasing cost pressure on farmers. Together with the export-oriented agricultural policy of the EU, this is leading to ever fewer, ever larger farms.

In the services sector, trade agreements enshrine services liberalisation in international law with the aim of making it all but irreversible. The aim of these agreements is to secure market access for service companies in sectors such as water or banking. In combination with foreign investor protection and regulatory cooperation, the rights of corporations are expanded and policy space is reduced. The EU's trade and investment policy, which is touted by EU political leaders as a major success and a central instrument for securing prosperity and shoring up the welfare state, actually serves corporate interests and the international codification of neoliberal politics in law.

Together with deregulated financial markets, the prevailing EU trade and investment approach stands in stark contrast to our own vision of globalisation, which focuses on human rights and protection of the environment. The Alternative Trade Mandate

represents the work of a broad alliance of civil society actors and allies from the Global South, all of whom have worked together to formulate the cornerstones of a sustainable trade policy. Within this policy, trade and investment are a means to an end and form part of an alternative economic and social model that visualises the possibility of another Europe within the world. It is based on the utopian ideal of a good life for all.

EU trade and investment policy must be guided by these objectives and promote cooperation, solidarity and sustainable development. It can and must be an instrument for equitable distribution of global wealth, and it must enable access to resources, goods and services for all.

An emancipatory European trade and investment policy should recognise that international conventions and treaties – such as those on human and women’s rights, labour, environment and climate – take precedence over trade and investment systems. It should allow countries, regions and municipalities to regulate how goods and services are manufactured, distributed and consumed rather than simply relying on the “invisible hand” of the market. The regulation of trade relations supports the realisation of social, cultural and political human rights, and any such system of regulation should pursue its own strategies for sustainable development. In doing so, it will enable communities to support each other and work on equitable resource management systems that respect and protect the

environment. Equally important is the establishment of direct (or as direct as possible) trade relations between manufacturers and consumers. Europe must recognise the principle of food sovereignty and give countries and communities the power to prioritise their local and regional food economy over global agricultural trade. At the same time, European governments and parliaments must hold European companies accountable for the social and environmental consequences of their business activities and those of their worldwide branches. An alternative trade and investment policy must enforce binding social and environmental regulations and create full transparency in global value chains. It should promote the exchange of ideas and the freedom of access to knowledge and know-how - through open source systems, seed exchange programmes, patent pools and other similar innovations. It should operate an open licensing policy to promote innovation in and access to medicines, excluding patents on life. True emancipatory policies serve to prevent the deregulation of financial services and the privatisation and liberalisation of public goods and services such as water, health and education. Instead, they work to improve the quality of and access to these services, such as through partnerships between public enterprises.

What can we expect from the EU?

The resistance to TTIP and CETA has shown that many citizens are rejecting the contents of these agreements and want to have a say in how they are designed. Never before has there

been such a broad, EU-wide alliance against EU trade and investment policy. Yet so far, the EU institutions – the EU Commission, EU Council and the majority of the EU Parliament – have signalled clearly that they have no intention to deviate from their policies. For a shining example, one need only look at the efficiency with which pro-free-trade actors have pushed through the approval of CETA in the EU Council and Parliament. The ruling elites' approach has indicated loud and clear that there is no political will for a serious change of course; rather, we should expect that the participation of national parliaments in EU trade and investment policy will be further reduced or even eliminated completely, with Juncker's proposals for the future of the EU already pointing in this direction. Faced with this balance of power, there is no prospect of enforcing an emancipatory EU trade policy in the foreseeable future – which is why social movements should continue to focus on preventing agreements like CETA, obstructing the progress of negotiations and spearheading public debate on the rules of world trade (more specifically, by promoting a central focus on people and the environment). At the same time, social movements must promote the establishment and development of specific grassroots alternatives aimed at structurally reducing the economic and political power of corporations.

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WAGE POLICY

*How unions and labour rights are
being squeezed by the EU*

Markus Koza

The role of the EU in setting wage policy

Officially speaking, the competences of the EU in regard to labour and social matters are limited to a small number of areas. The EU has the power to set minimum standards for employee protection, such as maximum working hours or the protection of certain groups. It also has competences in some areas of social labour law, such as anti-discrimination law and the Posted Workers Directive, which regulates the conditions under which employers may send employees to other countries. Finally, it participates in regulations pertaining to the EU Works Council, which guarantees information and consultation rights for employees of cross-border companies. EU directives also secure employee rights in the event of businesses being transferred from one owner to another.

Wage policy, the right to organise and the right to strike - which are of central importance to trade unions and employees - do not lie within the EU's area of competence, as is clearly stated in the Treaty on the Functioning of the European Union. However, the EU Charter of Fundamental Rights *does* lay out the core rights of workers and trade unions: the "right to collective

bargaining" between employers' associations and trade unions, the right to unionisation and the right to take "collective action to defend [employee] interests, including strike action".

All this said, the influence of the EU institutions on labour rights and wage policy cannot be reduced merely to these official areas of competence, because the economic integration process has far-reaching consequences for labour rights, wage policy and the role of unions. The European Monetary System has limited the powers of national fiscal and monetary policymakers and established a narrow margin for currency fluctuations, which has in turn limited the power of revaluing and devaluing national currencies as a tool for maintaining competitiveness. Since member states can no longer devalue their currency to reduce the price of exports and thus protect their production systems, wage policy – i.e., how wages and salaries function as costs in the production process – has increased in importance in terms of its influence on international competition. Trade unions, wages and social systems have come under increasing pressure. The introduction of the euro made wages a key adjustment variable in the battle for sales markets.

The single market and the liberalisation of public services (e.g. postal services and electricity) brought about a worsening in employment and income conditions and a huge reduction in numbers of staff. The restrictive budget policy introduced in

connection with the Maastricht criteria exacerbated these developments. Since the 1990s, there has been a general and noticeable decline in the wage share (the share of wages in GDP), a trend that can be traced back to the integration process. Atypical employment and unemployment are increasing in almost all EU countries.

The role of the European Court of Justice (ECJ) in setting employment standards should not go unmentioned. While, in the past, the ECJ issued decisions in favour of employees – e.g. in issues of anti-discrimination and equal treatment – there were many occasions on which justice was dispensed in favour of economic interests to the detriment of basic trade union or social rights. This occurred particularly with regard to the provision of cross-border services and questions of wages and social dumping, as in the Viking and Laval cases. At any rate, the setting of priorities at EU level was clear – and was only made it clearer by the crisis.

Labour rights and wage policy under economic governance

Once the EU's economic crisis policy came into effect, policies on working conditions and wages in the member states changed. Following the introduction of "economic governance", the competences for wage policy and labour rights shifted. New rules were established in pursuit of a more binding coordination of European economic policy. Under the economic governance

framework, recommendations were issued to member states by the EU Commission and the Council and mechanisms for enforcing structural reforms and reducing budget deficits were implemented. Semi-automatic sanctions have been established to punish violations of European regulations.

Wage policy plays a central role in the new system of economic governance. It has affected workers in two main ways, the first of these being that the austerity policy has a direct impact on public sector wages. Austerity programmes are frequently comprised of wage freezes, wage restraint and cuts to the civil service. In many countries, public sector wage agreements serve as a model for private sector negotiations, with the result that cuts in the public sector affect the entire spectrum of employees.

As a second and compounding factor, one of the stated aims of the European institutions is to make the member states of the EU and the Eurozone not only outwardly more competitive, but also more competitive in relation to one another. The imbalances between high-export countries and those who import their goods can be traced back to changes in wages. The Commission therefore requires that countries who import large quantities of goods and services undergo internal devaluation – that is, lower production costs, especially in terms of wages.

That this new policy of wage intervention is not, as some may presume, a “paper tiger”, is made clear by the large-scale

involvement of European institutions in national wage policies. These institutions clearly disregard the EU treaties – both by intervening on country-specific recommendations and by prescribing specific measures to countries as part of so-called “rescue packages”. In recent years, wage-related policy demands have been made on 18 EU member states as part of the European Semester, with the EU Commission demanding a more moderate degree of wage development from Finland, Italy and other countries. In Sweden, the Commission seeks for the low-wage sector to be expanded, while several other countries (Italy, Belgium and Spain, to name a few) have received recommendation to shift their wage bargaining to company level. A series of measures related to the euro rescue have been imposed on Greece, Portugal, Ireland and Cyprus – wage cuts to the civil service, cutting or freezing minimum wages, the extension of working hours, the weakening of protection against unfair dismissal, and new forms of precarious employment.

The attacks on collective wage agreements and labour rights have not been without effect: between 2008 and 2013, 19 out of 27 EU countries saw their collective bargaining coverage fall. In some places, the consequences have included massive decreases in real wages and a continuous decline in wage rates.

Union demands and EU plans

Trade unions and civil society are resisting these developments,

calling for a fundamental change of course in economic policy, the strengthening of social security systems and the implementation of a social union in Europe. They seek to facilitate sustainable, employment-promoting socioecological infrastructure investments by means of a golden investment rule: the exclusion of this type of expenditure from government debt. At the same time, trade unions are seeking to strengthen the social dimension of the EU by proposing a treaty amendment that gives priority to basic social rights over economic freedoms. One of the key goals of the trade unions is, naturally, the preservation of their role as an agenda-setting and countervailing power – and the fight is a tough one, especially in the crisis-hit countries. Ultimately, the structural reforms sought by the EU are aimed precisely at weakening trade union power – from collective agreements to social security systems to opportunities for co-determination.

But the attacks on trade unions and collective agreements are not limited to the crisis-hit states. Under the pretext of crisis management, governments across Europe are seeking to implement reforms that would otherwise be politically impossible, including restrictions on the right to strike, legal intervention in collective agreements, the shifting of wage bargaining to company level, the dismantling of the civil service and the extension of working hours. And there is no end in sight. In 2016, the presidents of the EU institutions called for the establishment of national competition boards to increase the

pressure for further labour market reforms. The unions' criticism of these plans was correspondingly vigorous. Nevertheless, in June 2016, EU finance and economics ministers issued a recommendation that EU countries establish productivity boards – a weakened version of competition boards, but still with a focus on competitiveness, cost developments and thus also wages.

Thanks to Brexit, however, a new dynamic has emerged. Only a small group surrounding the Commission is in support of a further deepening of ties; many member states are seeking to keep the status quo, while others are pushing for disintegration. But the pressure on unions, wages and labour rights will not abate. On the contrary: there is a move to permanently weaken trade unions as both an agenda-setting and a countervailing power. The sentiment was perhaps expressed best by a member of the conservative Spanish government, who stated openly that the aim is for unions to “fall like the Berlin Wall”.



IMPLICATIONS

WHAT LIES BEHIND THE MOST WIDESPREAD IMAGES OF THE EU?

Manuel Grebenjak, Lisa Mittendrein, Valentin Schwarz and Simon Theurl

The EU debate is shaped by powerful narratives. In order to analyse the EU from a critical perspective and develop effective strategies, we need to know what underpins these images.

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

The winds of globalisation are shaking the European social model. International financial markets are threatening the stability of whole currencies and economies. No one state has the power to defend itself against these dangers alone – but as part of the EU, member states form the world’s largest economic power. They can shape globalisation in a way that benefits us all.

Whether in regard to the single market, the euro or the Fiscal Compact: the above image of the EU has been invoked again and again to make new steps of integration palatable to the population. 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. We would also need to agree minimum tax rates on profits and assets. But the EU does not do any of this. On the contrary: with the introduction of the single market and the euro, it has further intensified competition between member states. Capital can now move between member countries in an unregulated fashion and countries can be played off against one another. The EU treaties even prohibit members from restricting capital movements into and out of non-EU states.

During the crisis, the negative role played by EU institutions intensified. As part of the Troika, the European Commission and the European Central Bank have been actively working to reduce the living standards of the general population in countries such as Greece, Portugal and Ireland. Privatisation, wage cuts and welfare cuts have been forced through in search of higher profits for capital holders, pursuing the logic at the heart of neoliberal globalisation. This stands in stark contrast to the treatment of the financial sector, the ones responsible for the crash. European elites are not scaling down and breaking up the big banks, but are instead pursuing the banking union and capital markets union. These do little to fix the basic issues. At the same time, the EU is seeking to integrate financial markets in Europe more deeply; in other words, to reduce regulations for banks even further. Market concentration will continue to increase, and the big banks will become even bigger and more powerful. The power of the financial sector, a

consequence of neoliberal globalisation, is not being hemmed in by EU policy, but rather exacerbated.

The EU's behaviour towards the rest of the world has similarly disastrous effects. Whether as part of the WTO or through individual trade agreements, the EU is constantly pushing poorer countries to open up their markets to European corporations. One particularly disastrous example of this is agriculture. Industrially produced agricultural products from Europe are exported at dumping prices, which is ruining smallholder farmers in the Global South.

To sum up: Neoliberal globalisation, a process that inevitably leads to social and ecological crises, is not a law of nature, but is politically manufactured. Rather than offering protection against this process, the EU is one of its most important drivers, both externally and internally. Its policies primarily promote corporate interests – at the expense of the general public.

“The EU is a peace project.”

For centuries, Europe knew nothing but war. Germany and France, in particular, clashed repeatedly on the battlefield. A tragic low point was the Second World War, which resulted in millions of deaths and severe devastation. After that, however, Europe's nations came to their senses. They forged a union in the hope that Europe would never know war again.

There is likely no narrative about the European Union more

powerful than that of the peace project. Today, with the EU losing the backing of the population and experiencing an existential crisis due to its neoliberal orientation, the peace project is often the last remaining argument in its defence. In 2012, the EU even received the Nobel Peace Prize. "For over six decades", the committee stated, the EU had "contributed to the advancement of peace and reconciliation, democracy and human rights in Europe.". Since 1945, there have been no internal wars between any members of the EU or its predecessor, the European Economic Community (EEC). This is a huge step forward in historical terms, especially in light of the two world wars that came before. Undoubtedly, the prevention of wars was an important motive for many of the politicians who initially advocated European integration. Nevertheless, the peace project narrative falls short.

The founding of the EEC was also intended to serve less humanistic motives, one of which was driven by the Cold War. The association between Western European states was forged partly as a response to the simultaneously emerging Eastern bloc. The EEC was a capitalist counter-project to the "real socialism" in another part of Europe. This played no small role in promoting the interests of the USA, who had financed rapid reconstruction through the Marshall Plan. The enormous influx of capital safeguarded the state of peace and facilitated the beginning of Western European integration. In addition to this, economic interdependence was rendered the primary

mechanism of converting former enemies to partners.

In the following decades, war became less attractive as a political option as it would have interfered with capital interests. This does not diminish the achievement, but *does* place the so-called “peace project” in a different light.

The notion of internal peace often also contrasts sharply with the behaviour of numerous EU members abroad. France’s war in Algeria caused as many as 200,000 deaths, and Belgium was responsible for various bloody conflicts in the Congo, even after independence. Of the current 28 EU members, 25 participated in the war in Afghanistan and 14 in Iraq. Ten EU countries contributed to the bombing of Libya, an action which is largely responsible for the catastrophic situation in the country today.

Membership of the EU is not necessarily a guarantee that states will behave peacefully. Collectively, the arms exports of EU countries in the last twenty years have been only slightly below those of the US or Russia. Even regimes such as those in Saudi Arabia or Syria are supplied by weapons from the EU. The Lisbon Treaty of 2009 and the EU Global Strategy of 2016 take things one step further, laying out plans for the comprehensive arming of all member states. The President of the European Commission, Jean-Claude Juncker, has, on numerous occasions, called for the creation of an EU army as the logical next step from the “Battlegroups” that have existed since 2005. To date, these multinational combat units have never been

deployed and are designed to be used primarily on the basis of UNO mandates. They are currently undergoing training for combat in deserts and jungles. In 2017, a new military centre was established in Brussels.

To sum up: The narrative that the EU is first and foremost a peace project is historically ambiguous – and becomes less and less plausible with each passing year.

“Creating a social Europe is one of the EU’s goals.”

Though the EU is first and foremost an economic union, a “social Europe” is also a clear goal of the treaties and institutions. Even today, the EU is characterised by the European social model that sets it apart from countries like the US. Though social justice is often neglected in the current climate, it nevertheless remains a major concern.

The importance of social policy in the European integration process has always been relatively low. Until the 1990s, the EU lacked a common approach due to the absence of agreed competences and the unanimity required to implement them. Although social democracy and trade unions were more powerful than they are now, little progress was made. Only a small number of progressive measures were implemented, including in the areas of occupational safety or gender equality. Although the legal foundations of social policy were strengthened in the 1990s, they were also made subordinate to the goal of competitiveness.

It was at latest with the introduction of the single market and the Economic and Monetary Union that neoliberal economic policies were solidified as the core of European integration. Influenced by Tony Blair and Gerhard Schröder, even social democrats believed that economic liberalisation and higher profits would improve the standard of living for all. This was not true, but was used to justify social cuts over the period of a decade. Neoliberal policies were enshrined in the treaties and mandates of EU institutions. Unrestricted trade within the Union, the curtailment of democratic budgetary policies and the liberalisation of public services were made legally binding. At the same time, when it came to social policy, binding legislation was replaced by voluntary coordination mechanisms.

In light of all this, we can conclude unambiguously that social policy in the EU is subordinate to economic goals. It is also required to be productive and to serve the goal of competitiveness. The debate on the EU's "social pillar", which began in 2017, was a clear indication of this: according to the EU Commission, this pillar was necessary because the social consequences of the economic crisis were acting as a barrier to future growth. The EU required efficient national labour markets and social systems in order to remain competitive. For the Commission, therefore, social policy is not a distinct policy field, but is subordinate to the imperative of competition. Prior to this, social standards across the EU had undergone years of whittling down, while tax competition was fuelled. The few remaining

European social policies are used primarily by the elites to legitimise their neoliberal policies in other areas.

This neglectful attitude towards social policy in the EU is also illustrated clearly by the attitudes of the EU Commission and the ECB. In 2012, ECB President Mario Draghi told an interviewer that, "The European social model is history." This same attitude is reflected in the recommendations that the European Commission and the Council make annually to member states. Almost all states are encouraged to privatise, reduce pensions and social benefits. Within the framework of the Troika, the ECB and the EU Commission have implemented far-reaching social cuts in participating countries. With pension cuts in Greece, cuts to social benefits and family allowances in Ireland and cuts to health and education in Portugal, the Troika measures have destroyed welfare states and hit the weakest hardest.

To sum up: A "social Europe" is repeatedly cited as a goal of European integration – yet social policy is merely an accessory to the neoliberal core of the EU. As long as this neoliberal core persists, there can be no social Europe.

"The EU represents the overcoming of nationalism in Europe."

European integration represents a departure from the bloodthirsty nationalism of the 20th century. The new, united Europe is helping eradicate dangerous notions of national identity. Because of this, a strong EU is also our best remedy

against the extreme right. It helps us to overcome nationalism and racism.

Hostilities were ongoing in Europe for a long time – between Germany and France, for example, or between Austria and Italy. Though these hostilities no longer exist today, nationalism is very much alive and well. The difference is that today, a country's sense of superiority is based primarily on economic factors. Pride in a nation is not, as it once was, drawn from the strength of their army, but from the competitiveness of its industry. Austrian and German employees are depicted as being especially hard-working, Southern and Eastern Europeans as "criminal" and "lazy". The quality of a country's production is emphasised and, as with "Made in Germany", rendered a national hallmark. The single market and the euro are exacerbating this competition and thus also this particular brand of nationalism. It was expressed particularly openly at the peak of the crisis, when politicians justified the impoverishment of southern Europe by citing its economic weakness. They spoke at length about "lazy Greeks who lie in their hammocks" and, like children, must be compelled to "do their homework" or "move out of their mother's house". All these are statements that have actually been made. Nationalism in the EU is no longer directed against inherited enemies, but against economically weaker ones. This enables the elites to drive a wedge between the people.

The rise of right-wing parties also makes clear that nationalism and racism are not a thing of the past. In fact, the EU does not protect us from the extreme right, but rather fertilises its breeding ground. Decades of neoliberal politics have robbed countless people of their livelihoods and destroyed social solidarity. This is what the right has seized on, and it can be seen particularly clearly in the example of the labour market. Today, employees in the EU are in direct competition with one another. If a company's labour costs are too high, it can easily relocate its production to another EU country, or practise wage dumping by hiring workers from poorer EU countries. Many employees then blame their Eastern European colleagues, not the exploitative company. Increasing competition not only leads to falling wages, but also to increased resentment and racism.

Today, forms of racism linked closely with the idea of a European identity are also gaining traction. As in a nation state, the reference to "Europe" creates the sense of "in here" and "out there". In order for the positive qualities and superiority of Europe to be confirmed, it has a need to distinguish oneself from another and allegedly inferior group. Today, it is primarily Muslims who are used in this way. Europeans are depicted as enlightened, secular, equal and peaceful, while Muslims are portrayed as stereotypically fanatical, sexist, oppressed and aggressive. This image is directly rooted in colonialism. Against this background, the construction of a European identity is always a racist one: one

social group is rendered “the other”, while the positive qualities of one’s own group are exaggerated and idealised.

To sum up: The left and social movements are fighting nationalism and racism. There was a great deal of hope that the EU would be by our side – but the opposite has occurred. European integration has created new negative stereotypes and cultivated a breeding ground for the extreme right.

“The EU brings prosperity for all.”

Thanks to free trade and the single market, the EU brings economic opportunities for all. The removal of trade barriers facilitates investment, boosts economic growth and brings benefits for the entire population.

The “economic and social progress of all countries” was first cited as a goal in the founding treaty of the EEC in 1957. But although gross domestic product (GDP) is growing steadily in the EU, the rate of growth since the 1970s has been slower than that of the US. Since the beginning of the crisis, economic output has scarcely increased at all. The EU’s overall figures also obscure the fact that several countries, such as Greece, Italy and Finland, have suffered several years of recession. Additionally, the significance of GDP is limited, because the groups who benefit from the growth – and at what social and environmental price – remains hidden.

In fact, prosperity gains are distributed extremely unevenly both

between member states and within individual populations. Across the EU, wage share, which measures wages and salaries as a share of total national income, has been falling for a period of decades. Between 1975 and the 2007 financial crisis, it fell by between 3 and 15 percentage points in all EU-15 countries except Greece. In the years following 2007, it rose again slightly for a short time; however, not because of higher wages, but because corporate profits declined more during the crisis.

The people's share of total wealth is shrinking, and has been for a long time. In many EU countries, the wages and salaries of the lowest income groups have been falling in real terms since the 1990s. At the same time, the profits of owners and investors are rising. The concentration of wealth is also increasing, with more and more assets in the hands of a few super-rich. At the same time, 123 million people, a quarter of the population, are at risk of poverty and social exclusion in the EU today.

This is no coincidence and no consequence of external developments. The economic functioning of the EU is based on the principle of competition, since capital, goods and services can move freely within the EU. Effectively, this means that not only companies, but states themselves that are placed in direct competition with one another. They compete for investments and production sites – in short, to win the favour of corporations. In the absence of common minimum standards, this competition between member states has led to wage decreases

and social cuts everywhere. The construction of the EU and the single market favours the interests of capital, while the interests of workers from different countries are often contradictory.

The EU's policy also destroys social prosperity in various direct ways. Numerous directives have forced member states to sell state-owned property and open up public services to the private sector. The disastrous crisis policy of recent years has further damaged the general population's standard of living. EU rules have forced austerity across the Union, deepening the crisis and exacerbating social consequences. The most momentous of these consequences were seen in Greece, Portugal, Cyprus and Ireland, where EU institutions, acting as part of the Troika, forced the dismantling of the welfare state and plunged millions of people into poverty. What's more, through its agricultural and trade policies, the EU is increasing poverty and inequality in the Global South.

To sum up: The EU does *not* bring prosperity for all. Instead, it brings profits for the few and increasingly poorly paid, unsafe jobs for the many. EU policy is destroying the social infrastructure required for the vast majority to have a good life.

“IN PRACTICE, A FUNDAMENTAL REFORM OF THE EU IS IMPOSSIBLE.”

Syriza's failure was no coincidence. In this interview, Lisa Mittendrein and Lukas Oberndorfer discuss how the EU's treaties, procedures and institutions are ruling out genuine political change – and why there are still better options than leaving.

Interview with Lisa Mittendrein and Lukas Oberndorfer

The EU has experienced a number of shocks in recent years. Britain is exiting; a refugee policy based on solidarity has failed. From your point of view, however, the conflict over Greece was a central factor. Why?

Lisa Mittendrein: Because it was the first attempt to implement what social movements and leftists in Europe have been proposing for years. The Syriza government wanted to end the austerity policies that were causing record poverty and deepening the recession. At the same time, it wanted to stay in the EU and the euro and initiate progressive reforms from within. It said to the left in Europe, “Look: in Greece, we’re laying the foundations for the change of course that we all want”. This strategy failed on a colossal scale. Syriza ultimately had to decide to break with austerity or stay in the euro. They’re now continuing with the old policy, the one that led to this catastrophic situation in the first place.

How did the situation end up like that? It's not as if their task had ever been easy.

Lisa Mittendrein: That's correct. After the election victory in January 2015, Syriza was faced with the situation that the agreement with the creditors, the "memorandum", was about to expire. As a result of that, the promised loans would have expired and Greece would have faced state bankruptcy. The previous government and the Troika - that is, the EU Commission, ECB and IMF - deliberately set the timeline so that Syriza would be coming into government under maximum pressure.

How did Syriza seek to end austerity while still remaining in the euro?

Lisa Mittendrein: They wanted to kick off negotiations with the Troika and the Eurogroup (that is, the finance ministers of the other euro states) as early as possible. Their goal was to obtain a better agreement. The strategy was to have the best possible suggestions, to persuade others with their arguments, and to hope for the support of social democratic governments.

Once the negotiations started, however, Syriza simply accepted the logic of the opposing side. They agreed to continue cutting the deficit and sovereign debt, though this only served to bring about a years-long deepening of the crisis. It was incompatible with the purpose for which they were elected, namely to end austerity.

Which were the misconceptions underpinning this strategy?

Lukas Oberndorfer: Primarily the ones Lisa mentioned. Syriza set out to use clever negotiating positions to create the necessary pressure to enable a different Europe. In retrospect, it is evident that this did not work. Based on what we know today, their focus should have been that it is only possible to bring about a different Europe if people are told from the outset, "We can't achieve the necessary change as a result of clever politicians negotiating effectively. We will only succeed if you, the people, become active, mobilised and ready to fight. It is possible that we will be thrown out of the euro and the EU. This could lead to emergencies – to bottlenecks in medicines, oil or perhaps even water. We need to prepare ways of organising and enforcing an alternative policy, even in this worst case scenario." Syriza did not do this, either in the 2012 election campaign or in 2015. If you fail to prepare your members and population for these scenarios and to explicitly engage them for the long haul, they won't exhibit the necessary resilience for the vital grassroots break from the status quo.

Interestingly, the same misconceptions can be found within the left-wing platform within Syriza, the former euro exit wing. They, too, failed to assert a position of, "We can only achieve Grexit with democratisation from below. We need to build local democratic coordination which should deal with how we shape this process."

As such, neither the reform nor the exit camp in Syriza asked the really central question of, "How do we succeed in politicising and democratising the society to the extent that we have the strength to break with neoliberal politics?" Both had an excessively government and state-centred understanding of how this conflict should be managed.

Lisa Mittendrein: I believe the people of Greece were uniquely prepared to do this. For five years, they had offered unbelievable resistance; they had shown that they were finished with austerity. Then came the referendum in July 2015. The government asked, "Should we accept the Troika's proposed austerity programme?" The entire political establishment and all of the private media were in favour of a yes, but a significant majority of the population said "oxi" (no). This shows that people were prepared to contemplate an exit. But the Syriza leadership had never wanted that and had not prepared for it. Finally, they did the opposite of what the people wanted and surrendered to the Troika.

It is always easier to make better decisions in retrospect. Many of Syriza's assumptions were also shared by us, allies outside Greece. We, too, believed that Greece could embark on a fundamental course of EU reform. Was this always completely unrealistic?

Lukas Oberndorfer: The situation was, indeed, very open. Our expectation was not that Greece would do it alone, but rather

that the impetus might spread to other countries. We thought it might be possible for a European dynamic to emerge and drive the various factions from below. That was possible at the time, and I still see it as a possibility today.

The martial, authoritarian reactions of the neoliberal elites showed that they considered the situation perilous. They shunned democratic and legal principles. One example of many is that at the end of the conflict, the Eurogroup simply excluded their Greek member, Yanis Varoufakis, from the decision not to extend the aid package for Greece. Normally, their decisions are unanimous – so ultimately, what they did amounted to inventing complete new rules overnight. Shortly after that, the ECB turned off the supply of money to Greek banks in an aim to bring the government down. Even conservative European lawyers believe that such an action does not fall under the ECB mandate.

Lisa Mittendrein: We knew that the ECB was capable of bringing the economy to its knees overnight. Previously, Varoufakis had referred to this as the “nuclear option”. However, we did not expect the ECB to use this option so quickly and in such a targeted way. One lesson from this is that we now recognise more clearly where the real centres of power are located in the EU. In addition to the ECB, they are the Eurogroup, parts of the European Commission and, above all, the German government.

One misconception was that the unity of the EU and the euro

would be inviolable for the European elites. Syriza thought the Grexit threat would be a strong argument in the negotiations, but in practice, they weren't willing to let it happen. Wolfgang Schäuble, the German Minister of Finance, called their bluff. He said, "If you don't do what we want, we'll throw you out." For the neoliberal elites, the unity of the euro was of secondary importance. Maintaining austerity and containing the danger from the left were key.

You've mentioned several of the actors who emerged as being more powerful than expected. Who turned out to be weaker?

Lisa Mittendrein: The actors of European social democracy, with whom Syriza had been anxious to make alliances. Syriza had hoped that Hollande, Renzi, Faymann and others would recognise and seize on the possibility to gain leeway over the EU's austerity rules in their own countries. What actually happened was completely different. Faymann, who was Austrian chancellor at the time, made a symbolic visit to Athens, but this was mostly to distract from problems within his own party. The French government got involved once Syriza had already backed down, sending experts to Athens to help formulate the offer of surrender. Social democratic parties were not partners of the left, but appeared to be mostly interested in stabilising the status quo.

How did the social democratic finance ministers of the

Eurogroup behave?

Lisa Mittendrein: What happens in the Eurogroup is secret. But we have heard plausible reports from Varoufakis that the debate always took a similar course: Schäuble or one of his allies began a discussion, stated a position, and everyone was asked for their consent. Sometimes, the French minister Michel Sapin formulated an opposing position. Ultimately, however, they agreed with Schäuble's wishes.

What lessons can we learn from all this? If we want a different economic policy, is an exit the only way?

Lukas Oberndorfer: No, that would be a fallacy. The EU is more than an international organisation; it is a material condensation of a relationship of forces. Its members are economically intertwined by production chains, flows of goods, a common currency and financial markets. It would not be possible to leave it and immediately obtain all of our desired scope for manoeuvre. As such, "leave or remain" is the wrong question. Macedonia, for example, is in neither the EU nor the euro, but has little scope for political action anyway.

Lisa Mittendrein: Yes, we need to distance ourselves from this dichotomy. Both the reform and the exit camps tend to romanticise their positions. For some, the only thing standing in the way of a social EU is the absence of a plan to make this happen. For others, an exit is the answer. They see better politics as only a "flick of the wrist" away. In any case, the

discussion of purely institutional questions is not something that inspires majorities. What interests people are their own living conditions and those of their family, friends and neighbours. To improve these, we must focus primarily on building an effective counterpower, regardless of the level on which this occurs.

Lukas Oberndorfer: Exactly. As many people as possible must get involved – through social movements, democratisation and politicisation. This is how we implement real political improvements. These conflicts lead to grassroots breaks with the prevalent logic of domination and exploitation. If these breaks connect across borders, there is a real possibility for a different Europe.

What else can we learn from Syriza's experiences? Could we conclude that it is not helpful to approach our opponents with arguments and considered suggestions?

Lisa Mittendrein: Definitely. In the left and social movements, there is a tendency to always seek the perfect counterproposal. We often get bogged down by this. It is irrelevant to discuss details of the much-desired European social union, because even with a perfect model, it is not likely to come to fruition. Such notions do not help us organise people, form alliances and build counterpower.

Where does this need to be a “model student” come from?

Lisa Mittendrein: From the mainstream parties' technocratic understanding of politics. Within this understanding, there is one theoretical solution that is optimal for all sides and must be ascertained by experts. Other interests and conflicts are ignored.

Lukas Oberndorfer: Left-wing parties assume that they have to abide by the rules of the game. They overlook the fact that the other side is constantly breaking democratic norms. This can be observed in the manner in which the prevalent EU budgetary and economic policy rules emerged: a small elite from governments and national banks made the decisions without public debate or the inclusion of different voices. At the beginning, this at least occurred in compliance with the formal frameworks. Since the beginning of the crisis, this has no longer been the case.

Can you give examples of this?

Lukas Oberndorfer: Let's take the Fiscal Compact, which obligates states to follow neoliberal budget policy. This is an international treaty outside European law, but intervenes in this law regardless. This is simply unlawful. Why does this illegal action take place? Well, there is no majority for a democratically correct amendment of European law, so international law is invoked to implement the change. Another example is economic governance, which is a set of economic policy rules for the states. The legal basis for economic governance does

not permit states to be sanctioned for divergent economic policies, yet a regulation has been enacted to allow the EU Commission to threaten them with penalties if they do not implement the desired neoliberal structural reforms.

As such, the neoliberal rules in the EU were not democratically legitimised *before* the crisis and have often been decided in an authoritarian fashion since it occurred. Because of this, I see no reason why left-wing governments should stick to them. A better strategy would be to openly state which rules we want to break; to declare that this is the only way we can implement an alternative economic and industrial policy, and to explain why the prevailing rules are undemocratic. That would be a first step on the offensive.

Lisa Mittendrein: Yes. EU law must not stop us from demanding the right thing. If we want cheap public transport for all, for example, rail services cannot remain liberalised as the EU dictates. If a government wants to renationalise public transport or place it back into municipal hands, it will need to come into conflict with EU law. The conflict can be won if the people are behind it. In this way, a state or a community can create scope for manoeuvre not only for itself, but for social movements. Etienne Schneider and I call this "strategic disobedience".

In practice, today's governments are breaking EU rules. Why are they getting away with it?

Lukas Oberndorfer: Viktor Orbán can build a fence and

establish camps that violate European asylum law and fundamental rights, and little is done about it. But when it comes to breaking the rules of neoliberal budget constraints or even market freedoms themselves, the uproar is huge. Breaks with the rules are permissible only if they are in the interest of prevailing politics.

But budget rules have also been broken without punishment – by Germany and France before the crisis, and most recently in Spain and Portugal.

Lukas Oberndorfer: That's correct. The rules are like a musical keyboard for the elites to play at will. If neoliberal policies are under threat, as with Syriza, they will be enforced hard. In Spain, new cutbacks would place the conservative government in jeopardy, so the rules are being suspended.

Lisa Mittendrein: Rather than fetishizing the rules, we must judge the actual content of policies. I'm against Orbán's fence because it is inhumane, not because it is against EU law. If we do not take this approach, we will face the argument that, "You can't demand this or that because it contradicts the rules of the single market."

In the European Left and in movements such as Varoufakis' DiEM25, many hold fast to the goal of fundamentally reforming the EU. They want to rewrite the EU treaties so that they follow social and

democratic goals. How could this work in practice?

Lukas Oberndorfer: In practice, 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. Take the example of a treaty that outlines the harmonisation of corporate taxation. This would eliminate competition between member states in regard to corporate taxation, leading to more tax revenue – but the states that exploit tax dumping would lose. Since everyone has to agree, one single neoliberal stronghold is enough to block the new treaty.

The lack of potential for social reforms within the treaties is no coincidence, but was planned from the outset. As early in the 1950s, neoliberal thought leaders – including representatives of the ordoliberal Freiburg school – were arguing for this to be the case. They explicitly demanded that the European Treaties should be designed in such a way that the liberal economic constitution could not be democratically changed.

Lisa Mittendrein: Many focus their criticism on the euro, so from the 1990s onwards. But the problems started earlier and run deeper. The EU is built on unrestrained trade and the single market. It is, first and foremost, a neoliberal economic project and thus an obstacle to our visions. This core cannot be changed, and that is why I consider it impossible for the EU to be fundamentally reformed.

Lukas Oberndorfer: I think a grassroots break leading to reform is conceivable, but only if the corresponding social conflicts and struggles are fought and won. These changes could give rise to a different Europe.

Lisa Mittendrein: But then the result would no longer be the EU. We need a very different form of cooperation, both in Europe and beyond its borders.

Let's stay on the issue of those who want to fundamentally reform the EU. They often suggest convening a convention to draft a new EU constitution, proposing this as a solution to circumvent the impossible treaty change procedure that Lukas described earlier. Interestingly, the EU treaties provide for such a convention. How would this work in practice?

Lukas Oberndorfer: The convention would be made up of a complicated set of bodies. The EU Commission, national parliaments, the European Parliament and all governments would all nominate representatives, and this group would then be required to *unanimously* present a draft for all governments to sign and all nation states to ratify. In practice, this route is as infeasible as that of the regular treaty modification process.

Another option would be a constituent assembly existing outside the framework of the treaties. But this would need to

occur as the culmination or endpoint of a broad movement, a social revolution. It would need to be enforced against the European state apparatuses, including the nation states.

Lisa Mittendrein: Advocates of such a convention often have an overly-optimistic notion of democracy. They believe that, "All we need to do is ask the people and they will back the Europe we propose to them – solidarity, ecologically responsible, socially just." I think this is an illusion. If such a democratic process were carried out today, we would suffer a huge loss. It would lead to an even more authoritarian, unsocial and probably racist EU. Only if we were part of a broad movement and, as Lukas mentioned, riding the crest of a wave of social resistance, would such a process develop in the way we wanted it to. We are a long way from that currently.

A common argument of advocates for reform is that if there were a supportive government in Germany, everything would be different. What would actually change?

Lukas Oberndorfer: That would depend heavily on whether such a government was borne of an underlying dynamic. If such a government arose purely from elections and went on to operate exclusively in the political system, it would enter the institutional mill of the state apparatus, which crushes any reform-based approaches. This is what critical state theory tells us, and Greece's experience confirms it.

For a potential red-red-green government in Germany, the second scenario would probably apply.

Lukas Oberndorfer: Yes. State and politics are always expressions of the social balance of power. As long as this balance remains unchanged by democratisation and social revolution, there isn't much likelihood of the policies changing, either.

Lisa Mittendrein: In Germany, this is particularly unlikely – as hard a pill as that is to swallow. Alternative forces are facing even more obstacles there than in other EU countries. This not only applies in politics, but in universities, economic research institutes, the media. Neoliberal orthodoxy is tremendously strong and leaves little room for any alternative way. Incidentally, this can also be seen in the role played by the German Federal Government and the Bundesbank in the EU. They do not represent the interests of the German population, but of the German and European exporting industries. German institutions are more strongly tied up with capital interests than anywhere else in the EU.

In Spain, things would be different; there are strong social movements. A left-wing government there could win scope for manoeuvre more easily than a Greek one, because Spain is bigger and more economically important. But even Spain could not reform the EU from within, because other configurations of power would remain the same.

Lukas Oberndorfer: It is also conceivable that the opposite would happen. A change of government in larger countries could lead to a break with the previous EU policy – but from the right, not the left. Under Trump, there are already signs of a new kind of policy with the potential to become a new model of regulation. We also have to be vigilant about this happening in Europe. The forces in power would probably be open to such a development, since the ongoing crisis of the EU has caused them to rethink their position.

How might such a right-wing reinvention of the EU look?

Lukas Oberndorfer: The cornerstones would probably be militarisation, internal security and even more violent border regime. “If you want security, Europe is the only way – and the EU guarantees it” – this would be the message given to citizens. The increase in arms and security spending would probably bring about some growth. In terms of its outward dealings, we might see the development of a kind of European economic nationalism – by countering Chinese dumping, for example, and focusing more on isolationism.

The extreme right and the traditional neoliberal elites as partners in EU policy: how does that work?

Lisa Mittendrein: The extreme right is changing its attitude towards Europe. The Austrian Freedom Party and Orbán no longer want to leave the EU; they want to cut back on certain

parts and strengthen others, such as borders, military and security. They invoke the image of Europe in a positive way against new enemy constructs, like refugees, Islam or China. The only good thing about this development is that we no longer have to scrupulously defend the idea of the EU in order to distinguish ourselves from the right.

Let's finish with the situation in Austria. What's possible there over the next few years of progressive EU policy?

Lisa Mittendrein: The Syriza election victory also prompted a surge of hope in Austria. In a survey, over 20 percent of the population said they could imagine choosing such a party at home. There was a brief spark, and although nothing came of it, it briefly shed a light on what would be possible.

Lukas Oberndorfer: The defeat of Syriza signified the end of a European cycle. The beginning came in Greece and Spain in 2011, when central parts of society took to the streets and occupied the squares. The momentum was broken before it could spread to Austria and the rest of Europe. Now, things are the other way around: right-wing populism is in power without being in government. The Social Democratic Party and the Austrian People's Party are implementing their racist demands.

But these right-wing developments also shows the weakness of neoliberalism. Although it has stabilised, its capacity to galvanise large sections of the population is becoming less and

less. It has no answers to the real social problems. Because it is weak, neoliberalism - and with It, the EU - has to resort increasingly to racism, democratisation and militarisation. This makes the relations of power more visible and arouses resistance. Though we must remain vigilant against the shift to the right, we should not let this cloud the fact that more and more people are open to fundamental alternatives.

This interview was conducted by Valentin Schwarz in 2017.

“THE EXIT DEBATE IS THE WRONG WAY TO APPROACH CONVERSATIONS ON ANTI-RIGHT STRATEGIES.”

Yes or no to an exit from the EU: this is the question the United Kingdom was asked to answer in 2016. In this interview, James O’Nions of Global Justice Now / Attac UK explains why the prospect of exit is typically only raised by the right-wing and is therefore the wrong approach for progressive and left forces.

Interview with James O’Nions

What political options did you discuss at Global Justice Now (GJN) once it became clear that there would be a referendum on Brexit? How did you come to a decision on how to campaign?

James O’Nions: We looked at the various possibilities: staying out of the referendum debate completely, backing an exit position (“leave”) or supporting remaining in the EU (“remain”). That said, it was clear to us that if we opted for the second or third position, we wouldn’t support any of the official leave or remain campaigns, but would rather run our own campaign from a critical perspective.

Another option would have been to intervene in the Brexit debate without coming down on a specific side. That was actually the first suggestion that we presented to our elected

board: not taking a position, but rather making our voice heard in certain important areas of the debate. But as the board conducted their own discussions, it soon became clear that everyone felt it was important to stay. It was becoming increasingly evident that leaving the EU would be based on reactionary politics in a wide range of forms. Of course, this desire to stay in the EU did not arise from our belief that the EU was a particularly virtuous institution. Though it does represent a form of international cooperation, we've always criticised and fought against its many negative aspects.

We also wanted to give our many members, especially our local groups, a chance for co-determination - after all, they would be the ones to implement the resulting campaign. A lot of them were convinced we should take a remain position. Only a small group favoured the option of not committing to any position, and there was no one in favour of an exit at all. So the mandate from our members was very clear.

What first gave you the idea of not taking a clear position for or against Brexit?

James O'Nions: Originally, we assumed that there was more difference of opinion on this issue among our members, and we didn't want to cause unnecessary division. We knew there were good reasons for demanding a left exit. But it turned out that only few within the organisation agreed. As such, it became increasingly clear that there was a consensus for running a

remain campaign.

Did similar debates occur with the same result in other similar movements and organisations?

James O’Nions: Some of them never adopted an official point of view on leave or remain, the “War on Want” campaign being one of them. As far as I know, their chairman advocated leaving, but that was never the position of the organisation as a whole. Others, like Friends of the Earth, took a very clear pro-remain stance justified by the positive impact of EU membership on UK environmental commitments – from climate change to the improvement in cleanliness of our beaches. This last one is a pretty big deal, since British beaches were in dire need of action before the EU came along.

Our critically-oriented remain campaign saw us partner with other activists seeking, like us, to build a common platform for strengthening this critical angle. This is how “Another Europe is Possible” came about – through us working together and releasing joint materials. The platform was made up of a range of people with diverse left-wing backgrounds, from the Labour Party and the Green Party to Left Unity.

So you finally decided on a remain campaign, but from a critical perspective. What were your main concerns, and how did you go about campaigning?

James O’Nions: One issue that was very important to us was the idea of the free movement of people within the EU. Some argue

that free movement of people within the EU should exclude those from outside the EU, but as far as we were concerned, you weren't going to expand the realm of freedom of movement by sealing it off at its existing boundaries. Many of the activists involved in "Another Europe is Possible" came from other EU countries, so that was central to the whole platform.

Other than that, it was about contesting the claims of the right and producing proper materials. The government put out an official remain position and sent out these leaflets to everyone in the country, "this is why it's important to remain", an official government ad with the government logo. Then there was the official remain campaign, which was bathed in a sort of modern nationalism. The campaign materials looked like pieces of corporate propaganda, just unbelievably bland and badly designed. The printed flyers had pictures of people who simply didn't look real, they didn't even give full names. It was such incredibly bad propaganda; you could hardly believe what you were looking at. And all the focus was placed on the fear of what would happen to the economy if we left. Basically, the official remain campaign misjudged the mood in the country.

Of course, as a relatively small organisation, and because we weren't focusing exclusively on the referendum campaign, we weren't able to address everything. We focused on certain progressive achievements, arguing that while the EU is not perfect, we would lose these achievements if we left; the

potential consequences for labour rights and the like. But we also raised serious mistakes with the leave campaign, who argued – pretty opportunistically – that leaving the EU would rid us of TTIP. We pointed out the hypocrisy of the political actors and the deceptive nature of this argument, since an exit would make be far more likely to result up with an even worse free trade contract than TTIP. That's what seems to be happening now.

How did the campaign go? Did you manage to get your key messages through?

James O'Nions: Well, unfortunately not. Ultimately, this is partly to do to with the size of our organisation and the number of activists we have – and not all of our activists got out there and started using our materials. But even within the “Another Europe is Possible” coalition, we sent out a lot of material in the final weeks; we remained active. Of course, it was also the case that the platform had started from nothing and was financed solely by activists, not by business people with huge chequebooks. Given the enormity of the challenge we faced, it was clear from the outset that we wouldn't be able to make a huge difference.

Another problem was the Labour Party. The widespread claim that Jeremy Corbyn did nothing during the campaign is not true – he was absolutely campaigning to remain, he attended a number of public events and took part in meetings. But within

the Labour Party, the overall impetus for a heartfelt remain campaign wasn't really enough. This, in turn, meant that some of the institutional basis that could have supported a successful critical remain campaign wasn't really there.

I suppose what I'd say is that the forces of the broad left in the UK were a bit too small to change the course of debate about the EU, because it had been conducted in right-wing terms for so long. The official terms of the debate had shifted so far to the right that there simply wasn't enough time to effect fundamental changes and move it back again. The representatives of the "Lexit", a left exit from the EU, were similarly unable to have any substantial influence over the wider discussion -maybe even less than "Another Europe is Possible", since the forces of the Lexit position never really came together as part of a coherent campaign.

So you're saying that ultimately, the public debate was dominated by right-wing nationalist forces on the one side and right-wing neoliberal forces on the other, while the progressive left wasn't really getting any wider attention?

James O'Nions: Absolutely, yes.

Taking into account all the factors and circumstances you've described, what could the left have done differently?

James O’Nions: That’s hard to answer. I think one of the reasons why we took this stance is precisely because the left was in such a weak position to influence the debate. We shouldn’t forget that during the original accession referendum in the 1970s, the left – that is, the then left-wing Labour Party – was against the EU. In the present day, the UK Independence Party (UKIP), a far-right movement, dominates the issue, and has done for a long time. So we knew that the practical outcome of a vote to leave the EU would be the strengthening of reactionary and racist forces in society.

Generally, leave votes formed the majority in economically weak regions of the UK. It seems there is a special brand of rural conservatism that has always been anti-European and would, in any case, have voted in favour of exit and against Europe. But in post-industrial areas, the vote could perhaps have been won in favour of remain.

I think there was a significant section of people on the left who wavered for a while and didn’t know how to vote, but eventually adopted a remain position because they perceived the growing reactionary climate and realized where things were headed.

What would you advise other leftists and social movements who might soon find themselves in a similar situation?

James O’Nions: That’s not an easy question to answer. Unfortunately, the way the Brexit referendum happened in the

UK probably just added to the momentum for right-wing forces to dominate the debate in other national contexts. One feasible option when faced with such a situation would be the creation of a platform around the idea that the most pressing need for sovereignty is not national sovereignty, but sovereignty in the sense of freedom from global corporate power.

My instinct tells me that we would have needed to change certain things a lot sooner in order to be able to drive the EU debate in a different direction. If we want to change society and develop strategies against the right, the exit debate is the wrong starting point.

This interview was conducted by Ralph Guth in 2017.

“THOSE WHO CLAIM THE EU AS THE SOLUTION TO THE EUROPEAN RIGHT HAVE ALREADY LOST THE RACE.”

The attitudes of European right-wing parties to the EU are highly diverse. In this interview, Joachim Becker explains how the rise of the right is connected with economic development, what EU strategies it is pursuing today and what this means for progressive forces.

Interview with Joachim Becker

Public criticism of the EU comes mainly from the extreme right. How is the success of the right linked with the increase in economic divergence in the EU?

Joachim Becker: Unequal economic development and the rise of the right are directly correlated. I see the rise of the right as a kind of sense of resignation of parts of the electorate. These people have given up hope that existing policy will be challenged in any fundamental way. They only see that the cake is getting smaller – and that if this is the case, less people will be entitled to it. This belief underpins the nationalist right's exclusionary social policy.

How do right-wing concepts for European integration differ from those of the mainstream?

Joachim Becker: One cannot look at the political right in Europe in isolation from the so-called moderate forces. After all, the

dominant strategy of the right to centre-left mainstream is to push ahead with neoliberal integration via a flexible and reactive policy of “muddling through”. This is exemplified by the EU Commission’s white paper on the future of Europe, where the only issue under discussion is the extent – not the direction – of the European integration project. In the initial political responses, the governments of the larger Western European countries indicated a preference for deeper cooperation amongst “willing” countries. But further differentiation of EU integration is not greeted with much enthusiasm by the Central and Eastern European countries, which are already excluded from the eurozone.

In terms of its content, the Commission’s white paper announced its intention to produce reflection papers on various topics. But although the financial and production sectors are where the 2008 crisis originated, these are not going to be among the topics covered. This “tabooisation” of the fundamental economic orientation of EU integration has contributed to the alienation of large sections of the population from the EU – and the nationalist right has benefited much more from this state of affairs than the left.

Currently, we are seeing more and more elements of right-wing politics being adopted.

Joachim Becker: Yes. This is especially evident from the fact that issues such as militarised border patrol and military cooperation

are being shifted up the priority ranks. In addition, we are seeing increasing efforts to strengthen internal European border controls and exclude certain Southern European countries from the Schengen area. This security discourse has become an ideological point of connection between the Christian and social democratic mainstream and the nationalist right. In this understanding, security is reduced to police and military aspects – the classic right-wing discourse pattern. If social democratic actors engage in this discourse, this contributes to consolidating the security discourse. The military intervention policy of some EU states has contributed to strong refugee movements in the Middle East, and this is now resulting in forceful calls for stronger border protection.

Where are there economic policy overlaps?

Joachim Becker: One example would be restricting the access of EU migrants to social benefits, as illustrated by the Austrian debate on cuts in family benefits for EU citizens or access to the labour market. The new Austrian coalition government, consisting of the Austrian People's Party (ÖVP) and Freedom Party of Austria (FPÖ), has advanced further in this direction than any other EU government. Similar concessions had already been promised to the UK by the EU before the referendum – and Angela Merkel strongly supported the Cameron government on this point, since this chimed well with the debate about alleged “social tourism” in Germany. Other parties, Christian democratic circles in particular, also saw a

possible precedent for other EU countries in these special arrangements for Great Britain.

It is interesting that in the core countries of Europe, some sections of both the Christian Democrats and the far right are now seeking a core Europe. Their main concern is to get rid of the “weak economies” – the southern peripheral countries. Wolfgang Schäuble proposed a corresponding core Europe concept back in 1994, and these ambitions were illustrated afresh with the EU’s threat to throw Greece out of the eurozone if it rejected the Troika’s policy of cuts. In the view of the Christian democratic actors who advocate for a core Europe, Europe must become smaller and more homogeneous in order to enable stronger neoliberal integration. However, this plan would result in severe shocks to the overall architecture, which is why the concept has not yet been pursued in an offensive fashion.

In connection with this, a section of the nationalist right in southern Europe is seeking to leave the eurozone, most notably Italy’s Lega, which views the effects of the euro on Italian manufacturing as negative and sees a withdrawal from the euro as the key to overcoming the crisis. It is not surprising that Italy is the primary proponent of such an approach, since it is the southern European country with the strongest domestic industrial capital.

Which other forces of the far right advocate concepts

of “core Europe”?

Joachim Becker: One example is the Freedom Party of Austria, which is essentially a right-wing bourgeois and pro-business party that also expresses sympathies for the Federation of Industrialists. As such, it represents a flexible core European position. The new coalition government of ÖVP and FPÖ has adopted a strongly pro-business line and has already fulfilled numerous demands of the Federation of Industrialists. FPÖ is facing a delicate balancing act between business interests on the one hand and the significant voter base it enjoys among the popular classes on the other. The party's voters express relatively high levels of scepticism about the EU, which results in ambivalence and foundering in the Freedom Party's positioning in this regard.

Alternative für Germany (AfD), too, has always criticised the EU loan programmes provided to the southern European peripheral countries, but has recently radicalised its position in favour of a complete dissolution of the eurozone. It represents a mixture of core European positions and support for the idea of “Europe of the Fatherlands”

What does that refer to?

Joachim Becker: The section of the right that supports this idea wants to remain in the EU and the single market while simultaneously strengthening the powers of the nation state and giving the EU project a conservative-reactionary bend in regard

to social issues, including human rights, equality and anti-discrimination. This current includes the "Remain" faction of the British Conservatives and is also strongly represented in many of the right-wing parties of Central Eastern Europe. The former Czech Prime Minister and President Václav Klaus condemns human rights as "inhumane" and "utopian", while the Hungarian Prime Minister Viktor Orbán is committed to a strong competitive orientation and a strengthening of nation states. He seeks to protect Schengen through radicalised border controls and exclusionary action. He views security as a "police" issue, not in the sense of social security.

Moreover, a number of Eastern European governments have been long-time opponents of the Europeanisation of certain policy areas. They have consistently been opposed to tax harmonisation, for example, since their countries attract foreign capital through privatisation, low wages and low taxes. This is tied in with the region's subordinate position in the European division of labour and the strategies of dependent development in Eastern Europe, which were consolidated in no small part by the EU during the accession talks. As suppliers, Central and Eastern European export industries are strongly oriented towards Germany. These Central and Eastern European industries also support the German-led policy of austerity, which is geared towards achieving foreign trade surpluses and serving the interests of export-oriented industry.

Finally, access to EU funds for public investment is a fundamental issue for both right-wing forces and more generally for Eastern European parties. The parties in the region defend the principle of free movement of labour in the EU. In this regard, there does exist some structural disagreement with the traditional positions of Western European right-wing forces. In the case of the Freedom Party of Austria, it is interesting to see a shift in the discourse away from Eastern European EU migrants towards anti-Muslim positions.

... and which concepts of Europe exist among the right wing of Western Europe?

Joachim Becker: The hardcore right in Western Europe is seeking a national, ethnically homogenous competitive community. French, Dutch, Belgian, Austrian and Italian far right-wing movements are working closely together to achieve this aim within the "Europe of Nations and Freedom" group in the EU Parliament. Their aim is to galvanise support amongst the middle class and working class using a mixture of neoliberal and conservative reactionary elements.

On the issue of EU exit, the Front National (FN) in France and the Partij voor de Vrijheid (PVV) in the Netherlands are ambivalent but, at least in terms of their public statements, are increasingly advocating the idea of a split. In the 1980s, the FN backed common defence and border protection policies and a common currency. In contrast, during the French election

campaign, it emphasised national sovereignty, protectionist measures and criticism of the euro. The party's position on the euro was and remains an issue of some controversy. The PVV is highly critical of the EU and is extremely anti-Muslim. While the 13 per cent of votes achieved by the PVV in the parliamentary elections in 2017 was lower than expected, it still ranked just below the second-strongest force. The party is currently not viewed as a potential coalition candidate; however, it has already managed to shift the discourse on migrants in the Netherlands strongly to the right.

Nationalist forces in the more prosperous core countries are the ones arguing most strongly for a break, which also corresponds broadly to the patterns of secession seen in multinational states throughout history.

Yet the presumption that only a further rise of the right wing would seal the collapse of the EU does not stand up to hard scrutiny.

Joachim Becker: Well, we first have to acknowledge that the process of disintegration has already begun. Brexit is now a reality, which means that a break with integration policy to date (to the detriment of the interests of the dominant bloc) would not be unthinkable. This is a new development. At the same time, however, the political right is deeply divided, since a complete break with the EU is certainly not what is envisaged by large sections of the right.

However, it is important to recognise that the desire to change the EU from within can also produce a dynamic that is hard to predict. Ideas about its future direction are highly divergent, and the debate reveals parallels to the final phase of the crisis in the Soviet Union and Yugoslavia. In the final years of Yugoslavia, in particular, the debate honed on in which region should pay how much for whom. Once a certain point has been passed, the centrifugal dynamics have a tremendous potential for acceleration.

With the UK out, Italy is a second likely point of cleavage for the EU. In light of this, I would expect further – if not total – EU disintegration, which could lead to a subsequent integration project having an intensified nationalist and conservative reactionary hue. What we would be left with is a small, technocratic, neoliberal core Europe with a hierarchically graded periphery. In that sense, the question of the future of the EU is not just a question of whether the hardcore right will come to power, but how Christian democrat forces will evolve.

So the failure of economic integration is driving political disintegration?

Joachim Becker: Yes. On an economic level, we are experiencing a polarisation that is inherent in the structures themselves. Differences in the EU are becoming increasingly apparent as a result of the liberalisation of trade, services and, in particular, capital movements. What's more, for many countries,

the euro has eliminated a key economic policy instrument – the option to devalue their own currency – which has led to a de facto two- to three-way split of the EU. As such, the EU itself plays a role in the process for heightened national competition.

From a political point of view, the EU has been characterised by a bias in favour of executive structures (Commission, Council of Ministers, European Central Bank), while parliamentary bodies have played a rather secondary role. As a result, a technocratic pattern of politics has emerged – one that has not only severely marginalised social movements, but also left unions with little scope for influence. The Commission, which triggers legislation, is particularly closely linked to transnational capital. It is only natural that this fact has shaped EU policy strategically and paved the way for the enforcement of ordo-liberal and, subsequently, neoliberal policies. In addition, the EU also reinforces executive powers (i.e. those of the government) over parliaments at the national level, since it is the government representatives who sit on the powerful EU councils.

The neoliberal policy patterns at EU and national level have had a particularly negative effect on the popular classes, the former core electorate of social democratic parties. Social democracy has played an active role in the neoliberal restructuring of the EU. The former Commission President Jacques Delors, a key actor in the internal market project, was himself a social democrat. He was convinced that the social integration of the

EU would naturally result from the economic one. Unsurprisingly, this has not been the case.

What are the political options for progressive forces in regard to the EU?

Joachim Becker: In my view, the idea of transforming the EU into a “social EU” is illusionary and cannot be defended based on the experience of recent decades. The corresponding idealistic images of the EU are, of course, hypothetically possible, but are not anchored in any political strategy. The goal of political re-foundation does not seem feasible. This would mean the end of the EU – just as the re-founding of the Soviet Union was its downfall. I cannot see any way in which the existing structures could be changed in a progressive way. This would require appropriate mobilisation in almost all EU countries, which is currently unimaginable. Even the crisis protests in the EU varied strongly from region to region and in terms of when they took place.

To achieve the goal of progressive reform, left-wing policies would need to break with key elements of EU policy. Of course, left-wing criticism must differentiate itself clearly from that of the right, and must approach the issues from different angles. The key lies in formulating specific political goals and examining to what extent they can be realised in the current structures and where the EU rules would need to be challenged. Essentially, it's about creating scope for more socially and environmentally-

oriented policy. This policy would also need to involve a change in production structures.

The EU is widely viewed as a peace project in response to the world war experiences of the 20th century. This causes many people to feel an enormous emotional bond with it. As a result, calls to break EU rules are often reflexively countered with the accusation that those who seek this are aiders and abettors of the right.

Joachim Becker: It is true that the EU evokes positive connotations – albeit with a greater degree of ambiguity than in the past. The polarising rhetoric of nation state versus EU is being intensified by both sides and is thus difficult to counter. The territorial order should not be an end in itself. Instead, we must examine at which territorial level it is possible to intervene effectively in order to promote social justice and ecological concerns. Anyone who believes that the EU is the answer to the nationalist right has, in my opinion, already lost the race. The EU is not the solution.

This interview was conducted by David Walch in 2017.

WHERE WE STAND: POSITIONS ON THE EU DEBATE

Ralph Guth, Elisabeth Klatzer, Lisa Mittendrein,
Valentin Schwarz and Alexandra Strickner

What conclusions can we draw from our analysis of policy areas and recent developments in the EU? Our previous positions and strategies on the EU have put us on the defensive. This needs to change. The following positions should form the basis for seeking out new strategies and courses of action.

1. The positive aspects of the EU must not prevent us from criticising it.

The EU has many positive aspects, including the freedom to travel or work in other EU countries, financial transfers to structurally weak regions or the chemicals regulation REACH. However, we must not celebrate these benefits blindly in the manner of initiatives like "Pulse of Europe". Ultimately, these positive aspects are juxtaposed with many problematic areas of EU policy, including trade policy, neoliberal economic and austerity policies and refugee or military policy.

As such, EU policy is contradictory. Many of the above-mentioned benefits, such as freedom of travel and free movement of persons, also have their downsides. Those who still remember the long traffic jams on the border perceive their

disappearance as progress - yet the elimination of border controls does not equal real freedom of movement. One example of this is that EU citizens in other countries do not automatically receive social benefits; the free movement of people only covers the right to take a job in another EU country. Furthermore, it causes wages to be squeezed and social standards to be eroded in the richer parts of the EU.

In addition, freedom of travel and free movement of persons are often the first freedoms to be politically restricted. Border controls prior to international protests or over the course of the refugee movement are two examples. Again and again, we see politicians seeking to cut social benefits for EU citizens. Ultimately, even mobility-enhancing EU projects such as Erasmus exchange programmes are only accessible to a comparatively small group of individuals. By contrast, capital, goods and services can move freely, and their freedom of movement is barely subject to any restrictions at all.

This imbalance is no coincidence, but a consequence of structural selectivity. The existing rules, institutions and competences of the EU are not neutral. They function to strengthen neoliberal-oriented projects and promote the interests of capital in the EU. In contrast, emancipatory projects and the interests of the general public are given less space, or are never implemented at all.

2. The core of the EU is neoliberal economic policy. It

cannot be reformed in line with our goals.

Neoliberal economic integration lies at the heart of EU policy. This is evident in the cornerstones on which the EU is built, such as the functioning of the euro and the single market. The “four freedoms” are designed to fuel competition among member states and, among other things, to drive down wages, social standards and taxes on profits and wealth. The way in which the euro works serves to deepen this competition and drive a wedge between the centre and the periphery. Additionally, neoliberal budget and economic policy has been anchored in the legal framework of the EU for 20 years – from the Maastricht Treaty to the Fiscal Compact. This has resulted in a rigid framework that obligates states to pursue neoliberal policies. A myriad of EU rules and bans exist to prevent any alternative from emerging.

This criticism is not new. Thus far, our counter-proposal to these undesirable developments has been the vision of a fundamentally different, reconstituted EU. Since the systematic subjugation of Greece, we can conclude unambiguously that this is no longer an option. Greece represented the first time a left-wing government in the EU had dared to openly question the Union’s neoliberal orientation. As a response, European elites in both the EU institutions and the member states acted unanimously to prevent alternative policies. These included:

- The European Commission, which sought to further

promote austerity policies as part of the Troika;

- Member state governments, who refused to retreat from their policies of impoverishment in the Council and the Eurogroup despite the obvious catastrophic consequences;
- The European Central Bank, which turned off the supply of money to Greek banks to blackmail the government.

No one, not even the social democratic heads of government, came to the aid of the Greek government. It was left with no options and was forced to surrender.

In comparison, the EU member states and institutions have taken scarcely a single action to counteract the transgressions of the far right. When the Visegrád states acted to prevent a common approach to refugee policy, they were not met with any pushback. There was no effective application of political or economic pressure, though the EU actors had the tools to do this if they wanted. The same applies to the growing erosion of democratic institutions and fundamental rights in Poland and Hungary. Even though the EU is now launching an infringement procedure against Poland, this is nothing if compared to the financial and economic blackmail that was carried out against Greece.

Comparing the two very different approaches to these disputes reveals the true character of the EU. While a refugee policy based on the principle of solidarity is of secondary importance, neoliberal economic policy is non-negotiable. The EU's political elites are more willing to fundamentally endanger European integration than to relinquish its neoliberal core.

In our view, the hope of fundamentally reforming the EU is now an illusion. The unanimity of all countries is required to change the treaties. Given the current balance of power, we must acknowledge that radical progressive reform is impossible. By clinging to this strategy, we achieve nothing more than to strengthen the legitimacy of the existing neoliberal EU. Indirectly, we even bolster the far right, since they are the only ones left criticising the EU in any sort of fundamental way. This is why we need a realistic assessment of the EU's policies and capacity for reform, since only then will we be able to develop strategies that render us politically capable to act.

3. Today, “more Europe” always means “more neoliberalism” and should be rejected.

So long as the neoliberal core of the EU remains intact, each new integration measure entrenches its problematic orientation. The Economic and Monetary Union is one of the elite's flagship projects, and they are unwilling to question it. The 2015 conflict with the left-wing Greek government made this all too apparent. Far from opening it up to scrutiny, European elites are seeking

to deepen the Economic and Monetary Union further: in 2016, Jean-Claude Juncker, Mario Draghi, Donald Tusk, Jeroen Dijsselbloem and Martin Schulz published their "Five Presidents' Report" on the future of the EU. It stated that in order to "complete" the Economic and Monetary Union, the right of parliaments to decide budgets should be further reduced and the pressure on wages, pensions and social benefits increased. They advocated for the European Commission to be given more opportunities to enforce neoliberal reforms of social welfare systems and public services. In short, when the leaders of the EU say "completion", they mean the dangerous consolidation of everything that is already going wrong.

The EU Commission's spring 2017 white paper, in which Commission President Juncker presented five scenarios for the future of the Union, confirms this course. All scenarios shared the same political content – i.e., the policies to be pursued – and differed only in terms of their institutional aspects. For the elites, the neoliberal orientation towards a greater number of trade and investment agreements, increased competition among member states and undemocratic budget rules is not up for discussion.

Now, in 2018, as we translate this book into English, "more Europe" has increasingly come to mean "the expansion and deepening of military cooperation" and "more violence against refugees". Both these forms of deepening European integration

are a danger, not a solution. Today, "more Europe" means more authoritarian neoliberalism and, increasingly, more military. It offers no opportunity for a radical grassroots reimagining of the EU.

4. The question of whether it makes sense to leave the EU or the euro varies from country to country. In Austria, as in other countries with a right-wing hegemony, it is currently not a favourable option.

Corporations and the rich are the primary beneficiaries of European competition, while the general population loses out. This applies as a general principle in every country, though it is more strongly evident in some than others. As an economy, a country like Austria is among the winners of the EU integration and the euro, even if these profits are distributed very unevenly. For Spain or Italy, the situation is different. They are among the losers. In recent decades, their whole economies have suffered. Competition among member states has caused local industry to lose ground or even to be completely destroyed - and the negative role of the EU only intensified during the crisis. In Greece and Portugal, the welfare state was deliberately destroyed by EU institutions as part of the Troika.

In light of these experiences, the subject of a potential exit is increasingly being discussed among the left and social movements in Southern Europe. Particularly after the submission of the Greek left-wing government to the conditions

imposed by the EU, many see a euro exit as a prerequisite for alternative politics. If there is no scope for progressive economic policy within the Economic and Monetary Union, withdrawal might be a necessary step. However, exit is not a political aim in itself and does not achieve any of our political goals. At most, it could be a necessary step after having first won hegemony in our societies.

In the context of the right-wing hegemony that we are currently witnessing in many European countries, an exit would not open up any scope for emancipatory policy. This is even more true for countries like Austria, where EU criticism traditionally comes from the far right. In this context, neither an exit debate nor an actual exit would help us to build counter-power. Brexit is an example to learn from, since it happened as the consequence of a racist campaign. Under the Tory government, Brexit will not lead to more socially just policies, but rather the opposite. This outlook might change if Labour takes over government post-Brexit, since leaving the EU might help them implement progressive policies otherwise blocked by EU rules. But this scenario is highly speculative. In reality, Brexit has so far brought about mostly racist and neoliberal policies.

The British exit debate also showed us that when neoliberals and the extreme right fight over the EU, we have nothing to win. Politics as a whole became polarised along the lines of pro- vs. anti-EU, sidelining all the issues the left and social movements

were trying to promote. It is for these reasons that we, with our own political arena of Austria, do not consider an Austrian exit to be a sensible demand at present.

Within the exit debate, a strong distinction is often drawn between the EU and the euro. This normally goes along the line of, "The euro is a problem, but the EU is good". This separation is misleading. Although the structure of the eurozone is undoubtedly leading to economic destruction, the problems of EU economic policy run deeper, and the single market itself is preventing alternative policies. There is no particular debate about the euro or about an exit from the euro occurring among the Austrian public. According to Eurobarometer surveys, the euro is actually much more popular there than in the rest of the EU. In countries such as Spain, Portugal or Greece, which are among the economic losers of the euro, the situation is different. There, the problems of the euro are more obvious, and debating it can help us to frame our criticism of the EU's economic policy in a broader fashion.

5. The dichotomy of "more EU" or a return to the nation state" is false and misleading.

Liberal, conservative and social democratic parties alike consistently counter EU criticism with accusations of seeking a return to the nation state. This is accompanied by the claim that it is not the EU itself that is the problem, but the behaviour of the member states. Political conflicts are purported to exist

primarily between the EU institutions on the one hand (alleged to be acting in the European interest) and the member states on the other (alleged to be acting in the national interest). But the dichotomy between “more EU” or “return to the nation state” is false and misleading, as is the dichotomy between European and national interests.

Firstly, there is no such thing as “national” or “European” interests in a general sense. There are conflicts of interest between different classes and social groups, and accordingly, different political goals. Today, the vast majority of political conflicts occur between economic and political elites on the one side and the general population on the other—across and beyond national borders. During the crisis, for example, the EU Commission, the European Parliament and the finance ministers in the Council made the decision to tighten budget rules. This was opposed by trade unions and social movements across Europe. The reduction of the debate to “nation state vs. EU” serves to conceal the actual lines of conflict. Moreover, it stifles critical debates on the EU, since the concept of the nation state has a marred reputation for historical reasons.

Secondly, nation states and the EU are inseparable at both an institutional level and within the political process. We must understand them as interlocking blocks. We must also understand that economic elites exploit both levels to advance their interests. TTIP is a clear example of this. At the outset, the

national governments commissioned the EU Commission to negotiate TTIP. In autumn 2016, some governments, including the Austrian one, were forced to adapt a more critical stance due to pressure from their populations. At the same time, they reiterated their intention to continue the negotiations in the EU Council. This shows that national governments do not compete with the EU bodies. When a government wishes to enforce a neoliberal policy for which they do not have domestic approval, it uses the EU level in a targeted way to achieve this.

Thirdly, the EU's neoliberal policies are a breeding ground for nationalism. Liberal and social democratic elites are fond of claiming that the EU protects us from far-right parties like the French Front National or the Austrian Freedom Party. The EU is held up to be a kind of natural bulwark against the far right. However, reality shows that the EU is not really the progressive project against nationalism and conservatism it is claimed to be. EU austerity policies, in particular, helped lay the groundwork for the rise of the far right, since they plunged millions of people into poverty and engendered legitimate existential fears.

6. The (far) right doesn't only stand for increasingly authoritarian policies, but also for increasingly neoliberal ones. We have to make this fact visible and attack it.

So far, right-wing parties have been the main beneficiary of the EU crisis. This is due to the weakness of the left and the

rightward shift of the so-called political centre. Whether upper limits and detention camps for refugees, bans on the headscarf and the full-body veil, the expansion of the surveillance state or increased expenditure for the police and military: the policies being pursued today in many countries are the ones that the far right were calling for just a few years beforehand.

At the same time, the EU strategies of right wing parties have become more diverse. Many of them have dropped their demands for an EU or euro exit in favour of a strategic and somewhat pragmatic stance towards the EU. Although the French Front National and the Italian Lega claimed for many years that they wanted to leave the euro, they never called the EU into question. During her French presidential campaign, Marine Le Pen of the French Front National (now called Rassemblement National) backtracked and promised a euro referendum instead of an immediate exit. The Italian Lega has a strong position and economic base of support against the euro, but does not question the EU as a whole. And the Austrian Freedom Party, which has long campaigned for an EU exit referendum, abolished this position when they got closer to government. This comes as no surprise, since the party is closely linked to the economic elites who want to retain the euro and the single market at any cost.

As their political power increases, right-wing parties change their strategy towards European integration. When in

government, they seek to weaken or abolish certain parts of the EU while simultaneously strengthening others. They want to dismantle the freedom of movement of persons and certain fundamental rights, but to deepen the border regime, military cooperation and neoliberal labour market policies. Their intention is not and never has been to break with neoliberalism. The right wing is building a Europe in which goods and capital will continue to circulate freely while borders are raised back up for people.

The Visegrád states have been the avant-garde proponents of this strategy in recent years. Though they pick symbolic conflicts with the EU, they are always happy to implement the neoliberal core, even if it requires authoritarian means.

So far, the right's "politics of fear" have been highly successful. However, they do not offer a positive vision of the future. They vow to protect what people have over others or to turn back the clock on certain achievements of the past (including women's or LGBT rights), but they do not promise a better life than the one people already know. These points – that is, their insistence on neoliberalism and their lack of a positive vision of the future – are important weaknesses of right-wing parties, and ones we should target. However, as we seek to combat the political right, we must not fall into the trap of taking the elites' side. The Brexit vote has shown that we have nothing to gain when neoliberals and the far-right fight about the EU. We will not succeed in

enforcing our demands for a good life for all in an alliance with neoliberal elites, but only against them.

7. Various scenarios are conceivable for the development of the EU in the coming years – and none of them are good.

As things currently stand, the EU is experiencing an existential crisis at several levels:

- For the first time, a country – Great Britain – is leaving.
- With CETA, the usual mechanisms that protect against the enforcement of a policy against majority interests have come dangerously close to failing. For the first time, top politicians – Paul Magnette, former Minister-President of Wallonia, and Christian Kern, the former Austrian Chancellor – have talked publicly about the harsh threats that can be doled out as a result of objecting to a neoliberal project.
- When it comes to caring for refugees, the EU has failed to find a solidarity-based solution and is now seeking to militarise its external borders.
- In most countries, right-wing extremists are on the rise. They are entering into government and even dictating policies from the opposition benches.

How will things progress in the next few years? We see five

potential scenarios for the future of the EU:

Further disintegration: The economic problems causing cleavage in the EU have not disappeared. Even though right-wing parties have adopted more pragmatic approaches to the EU, further disintegration is possible.

Paralysis: Conflicts escalate so much that EU institutions are no longer able to act. Such a self-paralysis of the neoliberal system could, for example, mean the end of new trade agreements. However, it would also not lead to any tangible improvements.

Muddling through: No further consolidation of the neoliberal dogma, with more and more countries breaking the rules and getting away with it. While this could weaken the enforceability of neoliberal rules, it is also not likely to bring about a genuine change of course.

Tactical concessions: Prior to important elections, there could be exceptions to the budget rules or new investment plans. However, such a tactically motivated loosening of the rules would not change the eurozone's basic orientation. Periodic and empty announcements of support for a "social union" fall into this category.

A new mode of integration spearheaded by militarisation and the border regime: Since the Brexit vote, European elites have begun implementing steps towards closer military cooperation in the EU. This is now aided by an enhanced dynamic in all

policy areas related to refugees seeking shelter in Europe.

We think this last scenario to be the most likely and believe it will be central for the development of the EU in the coming years. Under the pretext of “security”, the EU is quickly moving to even harsher measures against refugees on all levels. As it does so, it breaks its own legal foundations, including the European Convention of Human Rights. Detention camps in or outside the Union, agreements with third countries like Turkey or Libya or the further militarisation of the EU’s borders – all these issues now lie at the centre of EU politics. We witnessed the foreshadowing of this development some time ago, when Juncker’s 2017 scenarios questioned future forms of cooperation in the EU but assumed increased militarisation and trade agreements as certain. At the time of writing, it seems probable that the shifting of militarisation and the border regime to the centre of the EU agenda will become the driver of European integration in the coming years. The false promise of security might even become the EU’s new *raison d’être*, once its old promise of prosperity has faded. But since the same economic problems remain, this new phase is likely to be unstable.

All these scenarios are bad, but the new dynamic pits social movements against new challenges. We must shape our political action according to this realistic outlook.

8. Current initiatives such as DiEM25, Lexit or a

democratic convention all fall short in various ways.

Many political initiatives are critical of the EU. Although they provide a good basis for further debates, their political approaches often fall short.

The DiEM25 (Democracy in Europe Movement 2025) initiative created by former Greek Finance Minister Yanis Varoufakis seeks to reform and democratise the EU. While many of its basic values and ideas are worth supporting, DiEM25 – in our view – leans heavily on the false dichotomy of “saving Europe or letting nationalism win”. By advocating a fundamental reform of the EU – a development which would be legally and politically all but impossible – the initiative prevents us from developing new strategies that go beyond the old patterns of progressive EU criticism. Furthermore, DiEM25 follows a rather top-down approach to politics, working on elaborate plans to reorganise the EU. But we will not change European politics by having perfect policy proposals, but by building counter-power from below.

Other initiatives advocate for a democratic convention that will provide the EU with a new constitution. At one point, this was also the demand of Attac Austria. In many cases, constitutional processes such as a convention can be effective ways of reorganising sectors of society, as they were in South America. The current balance of power in the EU, however, suggests that the drivers of such a process would not be progressive, but

right-wing forces in all their various shades. This is why we are reluctant to back this proposal today. Citizen participation alone cannot end the right-wing dominance, but it is now very much capable of strengthening it. Even if everything went as planned, a progressive draft constitution would never be implemented by the elites. They would rather pull the plug on the EU than do that.

Other initiatives are calling for a "Lexit": a left-wing exit from the euro. Economically, there are many arguments for this, such as the option for countries to devalue their new currencies and run independent monetary and investment policies. But the opportunities tend to be overstated and the risks underestimated. It is unclear, for example, how debts in the old currency and the instability of the new currency would be dealt with. Minimising the risks would require a degree of coordination between governments that does not currently appear a realistic prospect. In addition, the Lexit debate often does not take into account the different economic and political contexts of the member states. An exit in Spain means something different than in Austria or Finland. In our view, this demand has been presented most progressively in the context of Southern Europe. This is where the biggest problems and distortions as a result of the euro have occurred, but also the strongest resistance movements. As with the general exit debate, we think that a euro exit can only serve as a means to an end within a broader political strategy.

9. We need strategies that empower us to act – here and now.

We need to change both our criticisms of the EU and our strategies for change. Hoping for a fundamental reform of the EU will get us nowhere if, in reality, the likelihood of the necessary majorities is becoming ever more remote.

With regard to the strategic debate, which is also covered in the following part of the book, we have a series of questions to guide us to develop approaches, strategies and next steps:

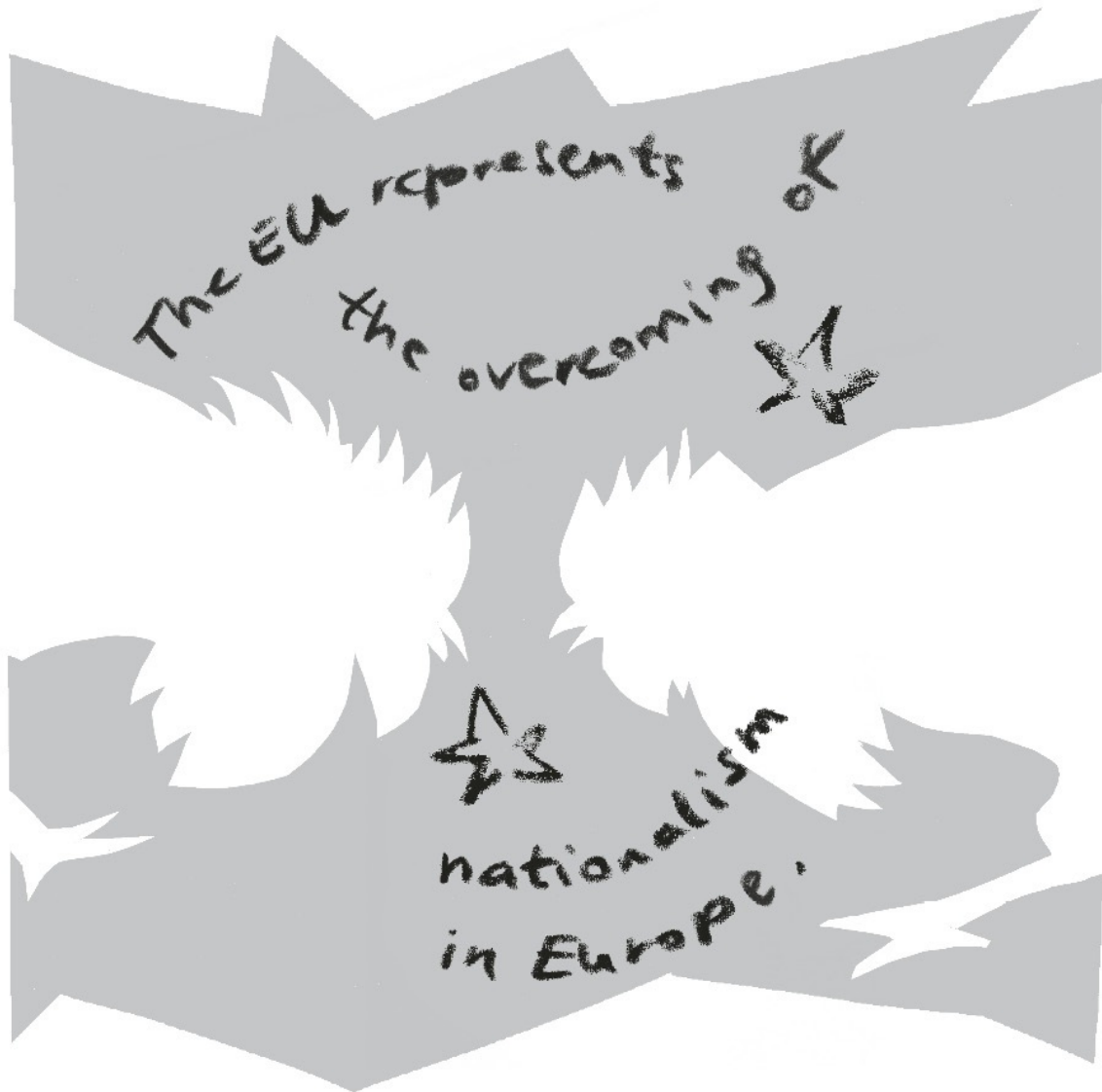
- What leeway exists within the existing structures, processes and institutions? For which policy areas must we build our own grassroots alternatives?
- Which issues are capable of creating ruptures both in the fabric of the EU and at the level of the member states, opening up new scope for action and rendering emancipatory politics possible?
- How can we change the balance of power at different levels and build the necessary strength to promote emancipatory politics?

As we look for answers to these questions, the following principles are key:

- There is not *one* strategy or *one* approach; we must

take action on different issues and using different approaches.

- We have to trial as much as we can and continually review the results. Which methods best empower us to act? How can we achieve breaks with the status quo? On which issues or via which forms of politics are we best able to connect with people?
- We should work at a local, national, European and global level. We must engage at different levels, depending on where we are located and where we see opportunities for action. We must keep in mind how these different levels are interconnected and where we can achieve the greatest impact.



STRATEGIES

“THE EUROPEAN IDEOLOGY IS A BARRIER TO A MEANINGFUL DEBATE ABOUT THE EU.”

An idealised image of the EU is paralysing the left. Here, Andreas Novy and Martin Konecny discuss how we got into this strategic impasse – and how we can find our way out of it again.

Interview with Martin Konecny and Andreas Novy

There is a specific image of the EU that is shared by large parts of society, from left to liberal, from the Social Democratic Party of Austria to the Greens to the NEOS. What does it look like?

Andreas Novy: For this left-liberal milieu, the EU is fundamentally a place of hope. It acts as a counter to the nation state, which is perceived rather negatively and evokes images of narrow-mindedness, a fossilised social partnership system and even the dark fascist past. By contrast, the EU is associated with openness, internationalism, and cosmopolitanism. It is considered a model for the entire world, an example of how nations can overcome their hostilities. And there *are* arguments in its favour – with regard to gender equality, for example, where the EU was a driver of positive, progressive change.

What does this positive image overlook?

Andreas Novy: First of all, Europe’s relationship with the rest of

the world. Its history doesn't only include positive aspects like human rights, the rule of law and democracy, but also evangelisation, colonisation and the pursuit of a world trade system in its own interest. The ambivalence that exists in this regard can only be understood by considering the history of Europe as the history of 500 years of capitalism. During this period, Europe occupied the dominant role for many years, then assumed that of junior partner to the US. The idea of "cosmopolitanism" is only imbued with such positive emotions because Europe mostly gained from it.

On the capitalist periphery, in Latin America, Africa or Asia, this is different. In these regions, nationalism was mostly rooted in anti-colonialism: the nation state protecting people from the colonial powers and the world market. In Europe, this idea exists only in southern Europe, in countries like Portugal and Greece. In Central Europe, nationalism was, at the very beginning, a movement against the feudal order and the reign of nobility. Soon, it became associated with racial and ethnic purity, with the catastrophic consequences with which we are all familiar. This is why, today, the idea is so widespread that Europe is good and the nation state is bad. This makes sense to me from a historical perspective, but is nevertheless incorrect.

Both the nation state and European integration are political projects, and both have been contested throughout their history. Both have been controlled throughout their history by

different groups for different purposes. Neither the nation state nor the EU are inherently good or inherently bad. We need to learn to look at both in a more unemotional way.

You mentioned that we need to understand the history of Europe and the EU as being intertwined with the history of capitalism. This represents a departure from the liberal EU image, where the EU is seen primarily as a peace project, not an economic one.

Andreas Novy: It's both. The EU was a peace project, but also one designed to enforce a capitalist system.

Martin Konecny: There is truth at the core of the peace project narrative. We no longer have wars between Germany and France, and the significance of this should not be downplayed. But the peace project narrative ignores at least two important factors. Firstly, the First and Second World Wars did not take place between small European nation states, but between imperialist world powers. They are not called "world wars" for nothing; they were brought about by the vested interests of powerful global forces, not by small nationalist movements. The second reason the peace project narrative falls flat is that the wars frequently took place beyond the borders of Western Europe. Two examples of many are the French crimes in Algeria and the role of Belgium in the civil war in Congo.

Andreas Novy: We must not forget the Cold War. This drove the integration of one part of Europe and, at the same time, was

clearly directed against another part.

Martin Konecny: There is no doubt that individual participants worked from a place of deep conviction in the European unification process. But there is definitely a significant mythical aspect to the story. The EU rising from its dark past like a phoenix from the ashes – this is an oversimplified distortion.

Andreas Novy: At the same time, we must not forget the positive aspects of so-called “Western civilisation” – human rights, democracy, the rule of law. Even social movements elsewhere, in Turkey or Brazil, for example, invoke these as a precedent.

Martin Konecny: Well, of course we have to defend these values – but are they really Western? They may have a certain Western history, but there are also radical traditions from other parts of the world we could refer to in this context. I think we need to understand concepts like democracy as universal values – and we can only do that if we de-westernise them. To do this, we have to engage with the criticisms of the Global South and people of colour.

Today, these allegedly Western values are invoked mainly for the purpose of demarcation and ostracism. There is a lot of talk about democracy and the rule of law, but only for the purpose of differentiating ourselves from “Islam” or “the refugees”. These values are used to legitimise an authoritarian policy: barbed

wire on our borders and headscarf bans. We end up with a situation where a policy that is undemocratic and violates human rights is enforced in the name of democracy and human rights. What enables this contradiction is the consideration of democracy and human rights as exclusively Western values. If we want real democracy and real human rights, we have to learn to think of them as non-Western and non-European.

So the liberal image of Europe, which refers to itself as cosmopolitan, actually serves to enforce racist exclusion?

Martin Konecny: That's putting it in rather polemical way. It is true that today, it is not only the extreme right that is driving a policy of exclusion, but also parts of the liberal and left-liberal milieu. And that's not just because they have surrendered to the right; there is also a liberal tradition of racism and exclusion.

Andreas Novy: I wouldn't say racism. But in the liberal tradition, there is certainly an incredibly hierarchical understanding of human rights. Take John Stuart Mill. For me, he is one of the enlightened liberals, he was very open to women's rights. But the prospect that the "barbarians" in India could ever govern themselves was unthinkable for him. Liberalism definitely has paternalistic and authoritarian traits.

A common argument is that those who do not support the EU must inevitably support the nation state. What's wrong with this?

Martin Konecny: Even the juxtaposition is misleading. The EU has never sought to vanquish the nation state. It has taken over many of its responsibilities, such as maintaining a border to the rest of the world. This has recently had dramatic consequences for tens of thousands of refugees. But inside, the boundaries continue to exist. I don't just mean the reintroduction of border controls; also, the economic situation in the states could not be more different. This is a consequence of the EU. It is deliberately designed to promote competition between member states rather than equalisation of its members. As such, it does not eradicate nationalism, but rather produces nationalism of a different sort: economic nationalism.

What do you mean by that?

Martin Konecny: In the wake of the Greek crisis, it has become acceptable in wealthy Northern and Central Europe to speak of the "lazy Greeks". This is an old stereotype that had long been forgotten. Now it has been brought back to life, and with it, nationalism. Today we talk of the "bankrupt Greeks" for whom "we" are paying. Something similar is happening in Greece, where we see Schäuble being drawn in SS uniform. This renewed flaring up of nationalism is the result of the economic crisis, which is in turn the result of the structures of the EU and the euro.

Andreas, how do you see this? Is the EU weakening the nation state, or perhaps even exacerbating some

of its more unpleasant features?

Andreas Novy: It has driven change in some respects. After the First World War, there was much talk of “small-state mentality” in Europe. Actually, by world-wide comparison, the states are tiny and therefore unfit for capitalist development. Anywhere else, they would be just provinces. So the EU has imposed itself as a modernisation project.

And the market wants this?

Andreas Novy: Yes. From a capitalist perspective, the EU functions very effectively. It does not abolish the nation state, it merely adds a new level to it, assigning it a new role in the economic system. The liberals hoped that the EU would be a step towards world government – that at some point, all borders would disappear. This idea has great appeal for them and, incidentally, for radical left actors too. I think that hope is naive.

I don't think we'll ever eradicate borders. Borders must be democratically managed and less rigid than they are today, but they are also the prerequisite for democratic politics. Whatever our preferred interpretation of democracy – from urban self-determination to nation state – it will always be anchored in a particular territory. For a long time, the liberals failed to acknowledge that just because a border is no longer drawn on the map, it still very much exists in terms of its real-world consequences. We need only look at the examples in the Mediterranean or Ukraine to see this. This naivety is catching up

to us today.

So measures at EU level are not automatically superior to those at national level?

Andreas Novy: Exactly. We Greens often demand “European solutions”. In refugee politics, I fear that this will end badly. The “European solution”, which has majority support and is enforceable, is a disgusting border regime.

Martin Konecny: What we tend to forget is that a “European solution” existed until 2015, until the “summer of migration”. It was called the Dublin Regulation, the mass deportation agreement. If it had been applied consistently, millions of people would have had to be deported to Greece, a humanitarian disaster. Fortunately, the “European solution” was suspended at that time.

On the left, criticising nation states for their border policies is perfectly normal. If we then turn the same arguments on the EU, there is more resistance. Why?

Andreas Novy: Because according to liberals’ understanding, the EU stands for cosmopolitanism and open-mindedness. In their mind, if you criticise it, you are attacking the idea of human rights. This association is deeply anchored – not only in the minds of liberals, but also in the minds of their opponents. We must not overlook the fact that when the right wing attacks the EU, it is actually often the case that they are attacking human rights. For the Hungarian and Polish governments, human rights

are a luxury they can no longer afford.

The extreme right is on the rise in many EU countries. How much does this danger contribute to solidifying the idea, in left and liberal minds, the idea that the EU should be defended at all costs?

Andreas Novy: A great deal. The polarisation of liberals and the right wing, as we saw between Van der Bellen and Hofer, exacerbates this defensive position. If we leave the current path, people fear we will end up immediately with another Orbán or Kaczyński. This is not entirely far-fetched, but forces us into a completely defensive position. We have to get out of this "either-or" mindset.

Martin Konecny: There is a quotation from the Hungarian philosopher Gáspár Miklós Tamás that applies in this regard: "The shrinking liberal minority regards it as a possible safeguard against murderous crowds, a quintessential 'liberalism of fear' that bodes ill." Even those members of the left wing who are pursuing more radical goals fall back on the EU as their last line of defence. My fear is that they are tying themselves to something without a future. Fear has eradicated their ability to forge their own path.

How does this manifest itself in Austria?

Martin Konecny: 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. Then, I hear phrases like "You're no better than Strache (head of the Freedom party and deputy prime minister since 2018)" or "Left and right are all the same".

The interesting thing about this is that the emerging nationalist tendencies are not even anti-European. The extreme right is not overly keen on the EU institutions and the euro, but maintains a fundamentally positive image of Europe. A far-right congress was held in Linz in 2016 with the slogan "Defend Europe", i.e. "defending Europe" against Muslims and refugees. The right-wing extremists do not have the same image of Europe as the liberals, but they also do not have the opposite.

Andreas Novy: As I see it, the right has cleverly appropriated a concept of its opponents. They want to position Europe against Islam and orchestrate a religious war. It is fortunate that no support for this approach can be found from the current pope. The right has also successfully hijacked other terms, such as (popular) sovereignty – which once stood for the fight against feudal rule, not for nationalism. The reason why the right is constantly conquering new terrain is because it has – and pursues – a project of hegemony. The left has no such project. As such, it falls back blindly on defending the EU for no other reason than that it is being attacked by the right.

Martin Konecny: The left lacks a project of hegemony, but why? Because it is not even able to formulate one. The left is in a strategic dead end. Its sole accomplishment has been to

envision a different world. It has not devised any plausible way of getting there.

What about when we apply this to the EU? Well, certainly, I can imagine a completely different EU, one that protects and expands the welfare state rather than destroying it. Much has been written about this. But we are lacking a credible strategy to achieve it. What is worse is that the most realistic route for many leftists has just been attempted, and has ended in massive defeat.

To what are you alluding?

Martin Konecny: To Greece. In Greece, the left went to the government with the plan of approaching the EU institutions and winning them over with expert know-how, effective arguments and negotiating skills. It wanted to carve out room to implement a new policy, the primary component of which was to end austerity in Greece. This strategy was built on the assumption that Greece would find allies in European social democracy. It wanted to change the EU step-by-step.

The result was an astounding defeat. The alternative proposals were simply quashed. Something similar, albeit less brutal, happened in autumn 2016, when Wallonia resisted the signing of CETA. Here, too, the EU side responded with threats and blackmail. The lesson for the left is that any attempt to instigate change via a pro-EU stance and honest arguments will usually end in a dead-end.

Andreas Novy: My strategy proposal is to push back EU rules and regulations so as to extend the scope for action from below. By this, I mean primarily at the city and regional level, not at the nation state level. The key is to experiment with alternatives to the neoliberal system on a small scale - this is the only way can overcome capitalism in the long run and progress towards a good life for all. It's not possible to design a new society on the drawing board.

Martin Konecny: This is an important point. Our previous strategies were far too state-oriented. Whether at the national or EU level, the way of doing things has always been to approach the government in order to be able to enforce a certain policy. There's no question that this approach is now obsolete. A good life for all cannot be achieved by passing a law. We need to develop alternative, bottom-up economies that operate according to a different logic than the capitalist one. Though government policies - whether at the municipal, state or EU level - can facilitate and safeguard such alternatives, they cannot usher in the post-capitalist society itself.

Andreas Novy: I agree with you - and there's one thing I would like to add. For the last ten years, the green and left-liberal camps have been convinced that the solution to a great number of problems was centralisation. It is not by chance that the proposed "Green New Deal" makes reference to the "New Deal" under US President Roosevelt, which represented a

massive step in the direction of centralisation. Prior to the “New Deal” in the US, there wasn’t even a federal police force. The Greens’ idea was that the big tasks ahead of us, such as eco-social transformation, should be implemented at EU level. The more clearly the balance of power in the EU becomes visible, the harder it is for this idea to exist with any integrity. It is simply impossible to make headway with progressive proposals.

How are the Greens solving this dilemma in practice?

Andreas Novy: Interestingly, when it comes to TTIP and CETA, they have no problem positioning themselves in the same political camp as nationalists like the Austrian Freedom Party – i.e., the EU-critical one. With refugee policy, the situation is ambivalent. At first, the Greens welcomed the suspension of the deportation rules that Martin referred to earlier. Since then, however, they have begun to seek a “European solution” once more. In my opinion, they have estimated the balance of power incorrectly. It would be better for them to search for progressive solutions that can be implemented without a majority in the EU.

The Greens are increasingly finding themselves limited due to their inability to distinguish between being critical of EU institutions and being against European integration itself. In the case of individual projects such as TTIP and CETA, they have eventually chosen to take an anti-EU position. But their attitude remains ambivalent; it varies from case to case. It is not underpinned by any real strategy.

One example of a Green politician who recently went on the offensive in regard to the EU is the Austrian president Alexander Van der Bellen. He made his pro-EU stance the centrepiece of his presidential campaign, even against the advice of his election campaign manager. Although the EU is somewhat unpopular in Austria, this approach may have won key votes among conservative and liberal voters. How important is this idealised image of the EU to the liberal milieu and its political identity?

Andreas Novy: It's key, without a doubt. Van der Bellen appealed to many left-liberal and liberal people on a powerful emotional level. This mobilised them in such a way that it became the only thing that mattered.

But his campaign did more than that. It was full of pro-EU messages, but his posters also had an Austrian flag. He made frequent and emphatic reference to his childhood in the Kaunertal in Tyrol. It was a clever double strategy to engage both the left and right-leaning sides. His message was that patriotism, homeland (*Heimat*) and Europe are not mutually exclusive. To give him his due, I can recognise in it a sort of "homeland-anchored cosmopolitanism". For me, this is a progressive concept: that you can be grounded in a certain place and still be cosmopolitan. In fact, the decision was primarily tactically motivated - it was about scoring votes in rural areas. The Greens and Van der Bellen are some distance away

from a strategic realignment on how to link Austrian and European political agency.

As Andreas says, Van der Bellen's pro-EU election campaign electrified many liberal and left-liberal people. Why is this stance so emotionally charged?

Martin Konecny: Well, we are dealing with an ideology – the ideology of Europe – and ideologies cannot be completely explained from a rational perspective. This is not, inherently, a bad thing; we live by and on the basis of ideologies. The European ideology only has become a problem because of its connection with the EU and its policies. The neoliberal elites have succeeded in making progressive values (such as cosmopolitanism or women's rights) synonymous with the EU in its current form. This is a strategically very clever move. As a result, we find people defending an institution whose policies they would normally harshly criticise. What is even more problematic is that this all prevents meaningful debate about the EU. It is scarcely possible to even discuss the point at which it might make sense to break away from the EU – in the case of Greece, for example. Anyone who tries to do this is hit with reactionary accusations of being in favour of nationalism and war.

Finally, what stance should we occupy in relation to the EU? Is European integration a valuable goal in itself, or should we seek to maintain a purely

pragmatic relationship with it?

Martin Konecny: The latter. The aim is to achieve a good life for as many people as possible by acting at the highest possible level. This could be the community, the nation state or, in some cases, Europe. But it seems important to me that we do not limit ourselves by the opportunities the EU offers. Other forms of cooperation may also be possible, for example between municipalities and regions or between European and non-European states.

Andreas Novy: Actually, the EU is based on the right idea. Its motto is "unity in diversity" – in other words, that centralism does not automatically take precedence. It's about achieving the right balance between harmonised rules and a diverse implementation. Today, experimentation is the most promising path.

To achieve this, we need to change the image of the EU in the minds of potential allies, who otherwise respond in a reactionary manner with, "That's anti-European!" when we raise criticisms. How can we succeed in doing this?

Andreas Novy: We must build an image of Europe that is not Brussels-centred. The idea that measures are automatically good because they are implemented from there is quite absurd. One example is that Linz could cooperate with a Czech city – in the full spirit of openness and European collaboration – without

Brussels' input. The key thing is that it's possible for European cooperation to happen in a different way than the one we know now.

Martin Konecny: We must get on the offensive and push for this debate, a process which Attac Austria initiated with its EU conference [in November 2016]. For a long time, many people did not even dare express their doubts. The experiences of recent years, on issues from Greece to the militarisation of the EU's external borders, is changing this slowly.

We cannot expect all the left in all countries to have the same view – but that should not stop us fighting for common goals. CETA and TTIP are just two examples. Since then, it has been possible for us to build a massive European movement – a transatlantic one, even. It includes farmers, small and medium-sized enterprises, trade unions. Together, these actors are providing enormous resistance in many countries. This movement should be the dream of every passionate European! It represents the birth of a European civil society that is on the revolt. The individual parts of the movement occupy different stances on the EU, but still succeed in coming together to act. We do not necessarily need to be unanimous on the fundamental issues pertaining to EU institutions in order to work together.

THREE LESSONS

1. Neither the nation state nor the EU are inherently good or bad. In refugee policy, for example, the “European solution” is an inhumane border regime.

2. We must not blindly defend the EU merely because it is being attacked by the right. Instead, we must develop our own criticism of the EU and command majority backing for it.

3. We must aggressively pursue a critical debate on the EU in order to overcome the false dichotomy of “pro-” and “anti-European”. But we do not need to have the same stance on the EU in order to work together on EU-related issues.

This interview was conducted by Valentin Schwarz in 2017.

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A NEW STYLE OF LANGUAGE FOR A BETTER EU DEBATE

Valentin Schwarz

If you follow political polls, you might be forgiven for thinking that Austrians are intentionally seeking to cause confusion. Completely contradictory statements are receiving enthusiastic approval at the same time. Significant majorities exist both in favour of “wealth taxes” and against “property taxes”, though they are essentially the same thing. With regard to refugee policy, sentiments of “It’s our duty to help” and “The boat is full” have both found popular support. The explanation for these contradictions is that people’s responses always depend on how a question is asked. To change a political discourse, such as that about the European Union, we need to be aware – “we”, here, being a broad left of movements and NGOs, trade unions and parties – that the terms we choose and the context will determine which stances people find persuasive.

It’s not the facts that make the difference

Among our political circles, the attitude that the “right” facts and effective arguments are the best way to persuade others is widespread. In reality, this is not the case, as the above examples show. This is demonstrated particularly clearly by a study cited by linguist Elisabeth Wehling in the book *Politisches Framing (Political Framing)*, in which participants were told that

a patient was suffering from a serious illness. In the example, an operation was possible, but risky. "The patient has a 90 per cent chance of surviving the operation. Should we operate?" one half were asked. The majority answered yes. The second group received the same question, but formulated in a different way: "The patient has a 10 per cent chance of dying during the operation. Should we operate?" A majority were against it. Despite the facts being the same, the final decision was completely different.

Frames: How we make sense of information

Depending on the context in which information is presented, its effect changes. In political linguistics, this linguistic contextualisation is called a "frame". Frames work because certain words evoke a series of associations in our minds. The word "hammer", writes Wehling, calls up associated terms like "nail", "hit" and "wood". We learn these associations over the course of our lives, and they make it easier for us to make sense of what we hear or read. By triggering certain thoughts, frames affect us in quite a significant way. They determine how we perceive things and sometimes even how we act. To demonstrate this, Wehling compiled examples from different studies. When people read a text that contains words like "grey", "pension" or "wrinkly" – terms reminiscent of an older person – they start moving more hesitantly and slowly. If they are confronted with terms that evoke a sense of tact, they perceive other people as nicer.

Frames in politics

As such, frames are not a secret trick or an unfair method of manipulation. They are a basic structure of our language and our thinking, invoked as much by political messages as by banal everyday sentences. They act on us both unconsciously and constantly, and are unavoidable. Frames are particularly relevant in political debates, since they enable us to engage with the abstract concepts at stake. What is important to bear in mind is that frames can never be objective: they always highlight certain aspects of a theme and conceal others. It is not possible to speak without invoking certain values, and certainly not when dealing with politics. The following are some examples.

Tax fraud, not tax avoidance. Who should pay what in taxes and duties is and always has been a key political issue. From a left-wing perspective, taxes are a key means of alleviating the injustices of the economic system. They are used to finance public infrastructure, such as schools and hospitals, and to protect people against the risks and whims of the market through social benefits. They can be unfair when they hit the poor harder than the rich, but they are fundamentally a positive tool.

However, this viewpoint is scarcely reflected at all in the vocabulary of political debates, which are characterised by terms that invoke a fundamentally negative image of taxes.

These include “tax burden”, “tax shelter” and “tax haven”. They activate the frame in which taxes are a burden, equivalent even to persecution or violence. Those who succeed in minimising taxes by means of an offshore company are seen as rescuing themselves from persecution in the “shelter” frame and escaping the life-threatening danger of drowning in the “haven” frame. Instead of “tax haven”, we might consider using “tax swamp”. Tax swamps don’t offer protection to shipwrecked or persecuted people; instead, they are places where powerful people hide money they owe the public until it has all drained away. In a similar vein, “tax contribution” would be a good replacement for “tax burden”. The term conveys, “My taxes are part of many. Together, we finance the tasks that we have decided on through the democratic process.”

People are not a natural disaster. In recent years, many people from countries such as Syria and Afghanistan have fled to the EU. Often, this phenomenon is referred to as a “refugee wave” or a “flood of migrants”. In this frame, writes Wehling, we are flooded by refugees just as we are by water during a natural disaster. This is not only inhumane, but also turns a blind eye to why they are leaving their countries in the first place – after all, natural waves and floods cause devastation at random, without any particular purpose. Refugees, in this frame, are not victims of war or persecution, but a danger from which we must protect ourselves.

An alternative would be to talk about “people fleeing” – from war, persecution or famine. Since refugees are often dehumanised by politicians and the media, it is important to regularly invoke their humanity. If we want to describe the phenomenon in an abstract sense, “refugee movement” would be a good option. This frame highlights the fact that these people are getting organised and making major efforts to escape their situation.

The EU as “house”, “home” and “family”

When it comes to the European Union, people like to talk about our “European house”, our “European home” or the “European family”. All of these expressions evoke the image of a community that lives and belongs together. At first glance, this appears to be a relatively neutral description, but it is actually far more powerful than that. A house or home protects us against wind and weather. Any person who has the choice between living in a house or living outdoors would be unwise to opt for the latter. In the “house/home” frame, the fact that the EU is designed to systematically expose its members to the proverbial wind and weather of financial markets and competition between member states is swept under the rug. There is no household that we know of where residents are forced into a competition for electricity and furniture. In the EU, however, this is the case with both capital and production facilities. It would also be unusual for the inhabitants of the better buildings to strike holes in the walls of the poorer ones,

thereby causing the rain to come in. In the EU, however, this is exactly what is happening. The powerful states of the centre are exacerbating the economic and social crisis in peripheral countries through the actions of the Troika.

The same applies to the “family” frame. Its members naturally belong together, whether by marriage or birth. There is also a “natural” hierarchy wherein parents are often better-placed than their children to know what is best. Where necessary, the offspring may be reluctantly compelled to do something for their own good.

The “family” frame chimes perfectly with the strategy we witnessed following the election of the left-wing Syriza government in Greece. The EU institutions, other governments and mass media systematically characterised the Greek population and its new representatives as immature, childish and impudent. This, in turn, made it easy to justify the denunciation and subjugation of Greek democracy as a sensible measure in the eyes of the European public. The “family” frame offers barely any scope for the legitimate interests of a society that has been impoverished for years by austerity measures, and also eliminates the option of leaving the EU or euro. One cannot simply leave one’s own family – at most, one can shun it or be shunned by it. But that would be a family tragedy, not a political option with its own advantages and disadvantages to be weighed up.

Differences are systematically concealed

Frames like “house/home” and “family” aim to evoke the unity and cohesion of the EU while systematically suppressing or trivialising the political conflicts between members. They consolidate a hierarchy of states and stigmatise any possible break with the EU and its rules. Last but not least, both the “European house/home” and the “European family” equate the EU with Europe itself. This, too, is a common strategy of power. By equating the institutions they control with the actual continent, European elites render the EU a natural, even a God-given institution. Any potential failure is transformed into a disaster on the greatest possible scale. In the frame “The EU equals Europe”, the critics of the ruling class are not a legitimate opposition, but an internal enemy. They are relentlessly labelled as “anti-European”, regardless of whether they represent solidarity-oriented positions or misanthropic ones. They are anti-European, whether they oppose austerity policies and tax dumping or instead fight for the acceptance of refugees and minority rights.

Trying to counteract frames only strengthens them

So how do we go about debating the EU and its policies? The first step is to avoid the frames created and used by our opponents. In repeating them, we achieve nothing but to linguistically reinforce our opponents’ world views, even if we are opposing the content. It is also counterproductive to use opposing frames as a method of differentiating ourselves.

Phrases such as, "The facts show that tax havens are bad" or "The boat is *not* full" achieve the opposite of their intended effects. Once a frame is activated, information that does not correlate with it becomes harder to remember. Similarly, quotation marks aimed at distancing ourselves from these frames achieve little to nothing. In order to convey our own messages as effectively as possible, we must find our own, suitable frames.

Make conflicts visible instead of camouflaging them. Today, we occupy a minority position on almost all political topics. As such, it is in our interest to emphasise contradictions and dissenting opinions rather than concealing them. We should not equate the EU with Europe or talk about "Germany versus Greece". Instead, we should reference the individual actors in as much detail as possible: the EU Commission, which primarily seeks to fulfil corporate demands; and the German government, which does not necessarily represent the interests of the majority of its population. We should not speak of clashes between states or even between "Europeans" and "anti-Europeans", since this only serves to draw attention away from the actual the line of conflict: the one that runs between the economic elites (and their political accomplices) and the majority of the population.

Replace technical terms with political ones. One strategy pursued by EU elites is to furnish their actions with technical, allegedly objective names. In order to effectively criticise these

actions, we need terms that emphasise the aspects and consequences we want to highlight. Instead of talking about the "Turkey Deal", for example, we should about the "isolationist" or "deportation" deal, which aims to turn away fleeing people while they are still at sea and return them to Turkey against their will. The same applies to the German term "Standortwettbewerb" (literally "competition between locations"), which puts pressure on wages, corporate taxes and social standards everywhere and is artificially bolstered by the architecture of the EU and the eurozone. Instead, let's talk about the "downward spiral" that it triggers and point out the "vicious circle" into which it forces the member states.

Flip the opponent's frames. In some cases, it can be effective to use the established frames of opponents against them. Responding to accusations of extreme views, Alexis Tsipras once said (in a rough translation), "The truly extreme thing is the circumstances in which people in Greece are forced to live today". In the same spirit, we can counter the demand for governments to "do their homework" - i.e., to decide on the desired neoliberal measures - with the idea that the European elites should urgently do *their* homework to reduce the huge inequality and unemployment in the EU.

Find simple metaphors for visualising complex phenomena. Our demands should always be based on a differentiated analysis - but this does not mean we need to formulate them in a dry,

complicated way. A balanced, considered argument becomes more compelling, not less, if it produces a strong linguistic picture. TTIP and CETA should not be about “investment protection” – since protection is always positive – but about “legal privileges for corporations” and the creation of a “parallel justice system” that disadvantages the general population. Instead of explaining the euro crisis through the behaviour of individual “debt delinquents”, we should emphasise the “system error” of neoliberal EU integration. By any definition of the word, what we have seen being done to Greece can be described as “bullying”. And if we want to explain how the Troika’s dictates deepen the recession instead of ending it, we can compare their actions to breaking a person’s legs and then demanding they run a marathon. Generally, comparisons and frames that invoke images of the body are particularly effective – after all, all of us have one.

Cast your own world view in words

We have a lot of catching up to do. Conservative think tanks have long been working to frame political debates in their favour. In recent years, they have been able to anchor concepts such as “austerity”, “debt brake” or “free trade” in the public discourse as if they were not ideologically charged, but neutral. It will take time to see progress against this. Especially at moments when a new political topic arises, we should work quickly to find effective frames to convey our positions. This is rarely as easy as in some of the selected examples, in which one

term is simply used to replace another. Instead, we need to develop a fundamentally different and coherent way of speaking and writing based on the cornerstones of our worldview: democracy, solidarity, and equality.

THREE LESSONS

1. We cannot speak objectively about politics. We must find terms and correlations that chime with our positions rather than using words coined by our opponents.
2. The EU debate is dominated by frames that systematically conceal political conflicts and consolidate the hierarchy between states. We must find terms that make these contradictions visible
3. We must avoid technical phrases such as “competition between member states” or “investment protection”. Instead, we should use political terms that give a tangible sense of our criticisms, such as “downward spiral” or “parallel justice”.

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LESSONS FROM TTIP AND CETA: BRINGING THE EU MACHINERY STUTTERING TO A HALT

Martin Konecny and Alexandra Strickner

There is a long history of resistance to neoliberal trade and investment policy, which exclusively serves the interests of corporations. As early as the late 1990s, the OECD countries had begun participating in secret negotiations to seek parallel justice for corporations, but a networked transnational movement of trade unions and civil society actors brought down the planned “Multilateral Agreement on Investment” (MAI). In 1999, tens of thousands of activists in the US city of Seattle blocked the launch of a new round of WTO negotiations on the further liberalisation of world trade. The “Battle of Seattle” is now regarded as the birth of the anti-globalisation movement. By the beginning of the 2000s, resistance was directed mainly against the further liberalisation of world trade and services within the framework of the WTO – and it was successful, since the negotiations that had been launched in 2001 eventually petered out. By 2008, it had become clear that the WTO-level deregulation that was sought, among others, by the EU and the US, would not be feasible. It was at this point that the EU turned its attention to bilateral and regional trade agreements such as TTIP and CETA.

How much success has the movement against TTIP and CETA had so far?

The deregulation of trade and the creation of parallel justice for corporations – the latter of which has been codified in the form of the “Investor State Dispute Settlement” (ISDS) – have been successfully delegitimised as core EU projects. The establishment of neoliberal economic policies and the enshrining of special rights for corporations in internationally binding agreements has long been one of the EU elites’ key political strategies. The movement against TTIP and CETA stripped this core project of its legitimacy and put its supporters on the defensive. Moreover, this success was not limited solely to Western European member states with a historic tradition of trade policy struggles. Civic platforms were also established in Central and Eastern Europe to inform the public about the agreements and build resistance against them.

The European Federation for Investment Law and Arbitration, a lobby organisation for ISDS, described 2016 as an “annus horribilis” for supporters of investment protection. Not only this, but the EU’s entire neoliberal trade and investment policy suffered several severe setbacks. TTIP negotiations have been on hold since 2016. In several key EU countries, such as France, Germany and Austria, members of the government were forced to declare the agreement a non-starter. In addition to the upcoming elections at the time, the main reason for this was huge pressure from grassroots level.

TTIP and CETA were the flagships of the elites' strategy of using the economic crisis to further entrench neoliberal EU integration. The movement against these trade agreements has greatly weakened this core project and, for the time being, succeeded in stepping on the brakes. But with Trump establishing tariffs for several EU products in late spring 2018, the EU Commission and member states are now trying to find a way to reopen negotiations. Resistance will continue to be vital.

Resistance has increased its social base

In the early 2000s, opposition to neoliberal trade agreements came primarily from civil society organisations such as Attac, Friends of the Earth and Greenpeace. It also came from sections of the unions and radical smallholder farmers. When the movement against TTIP and CETA occurred, resistance became broader than ever before. Thousands of small and medium-sized enterprises joined the movement, as did hundreds of local authorities. This is remarkable in two ways. Firstly, an alliance in which unions work with small and medium-sized enterprises has rarely been seen in history, and a movement that brings together so many different actors can set a precedent for future struggles in other fields. Secondly, farmers and small- and medium-sized enterprises began to organise from below in defiance of their official representatives, who actually support TTIP, CETA and other similar agreements. This was the case in countries such as Austria, Germany and the UK, where initiatives like "Businesses against TTIP" and "Farmers against TTIP"

emerged. In the case of Austria, both the Chamber of Agriculture and the Chamber of Commerce had long worked to appease smaller business owners and farmers so as to be able to quietly enforce policies against their interests. This instrument of power has been weakened.

The authoritarian nature of EU policy is becoming ever more apparent.

The tug-of-war over the ratification of CETA opened many people's eyes. They were able to recognise, with an unprecedented level of clarity, the means with which political elites were enforcing their neoliberal policies.

Originally, CETA was to be ratified without the participation of national parliaments - even though all political levels, from the nation state to the smallest of local authorities, would have felt the effects. The criticism regarding privileged rights for foreign investors forced several governments, including those in France, Germany and Austria, to take action against it. In the end, they declared that before CETA could enter into permanent and full force, it would need to be ratified not only by governments and the European Parliament, but by all 38 national and regional parliaments. Much of the agreement has been applied "provisionally" since September 2017, but the provisions on foreign investors' privileges to sue governments (Investor-Court-System) have not. This is an achievement of pressure from below.

After this partial victory on the process of ratification, CETA was met with great resistance at every turn, including its signing by the individual governments. Austria's then-Federal Chancellor Christian Kern, who had objected to the agreement, was placed under enormous pressure not to block it. After that, the former Minister-President of Wallonia, Paul Magnette, was placed under the same pressure, but on a world stage. In the lead-up to the vote in the EU Parliament, leaders did their utmost to push through the agreement as quickly as possible and without debate. It was only after protests from civil society actors and opposition that some committees were able to deliver opinions.

CETA is currently in the final phase of ratification, which means it is not yet fully in force. The majority of member states are yet to ratify the agreement; in fact, in several countries, the process of ratification has not even started. In addition, the European Court Justice (ECJ) may decide, in early 2019, that the investment protection in CETA creates a parallel justice system and therefore violates EU law. If the ECJ rules against the inclusion of ICS in CETA, this could bring the whole agreement to a collapse.

Even if CETA has not yet been stopped, the dispute has struck the neoliberal agenda with two major setbacks. First, it has become clear to what extent individual governments can be pressured and threatened if they try to stand in the way of neoliberal policies. Second, the elites themselves have been

forced to bow to the weak democratic standards of EU policy in order to force their agenda, thereby discrediting themselves in the eyes of many people. This may pay dividends in future conflicts.

Challenges and possible courses of action

The movement against TTIP and CETA is much more than just an alliance against these two agreements. Rather, it unites the many actors across many different locations who are working for a fundamental reorganisation of the economy and society. This includes changing the rules of world trade.

The elites are swinging the “Trump club”.

The ratification of CETA in the EU Parliament signalled the beginning of a new phase for the movement – that is, preventing the passing of CETA by the 38 regional and national parliaments. But Trump’s election as US president changed the political context. Now, the EU elites are attempting to delegitimise the opposition to CETA and TTIP by equating its critics with Trump, Le Pen and Co. They have even gone as far as to pronounce CETA an alternative to Trump’s America First policy. In this narrative, CETA is a “progressive” antidote to Trump’s attempts to destroy the multilateral trading system. In reality, however, CETA is just another cog in the neoliberal wheel, one that threatens more and more people with social regression and drives them into the arms of the right.

Even in Europe, the extreme right has sought and will continue

to seek to misappropriate the opposition to TTIP and CETA in election campaigns, such as was the case in Austria and France. This represents a misuse of years of thorough work by European movements. Generally speaking, the extreme right only positions itself against such agreements for the purpose of their public statements. Once in government, they back the interests of various capital groups (depending on the country) and seek to implement a neoliberal economic policy. The best example of this is the far-right FPÖ in Austria. During their election campaign, they promised voters they would hold a referendum on CETA. Now, in government with the conservative party, they have pushed through its rapid ratification. Even Trump himself is not, in principle, against trade agreements that serve corporations – as long as they are American and he can argue that he is representing national interests. The extreme right likewise has no alternatives to offer. It has no connection with the vision of just and fair world trade that is proposed by the global resistance movement.

The movement must develop a positive vision.

In order to differentiate itself from the extreme right and make use of the vacuum created following the standstill of TTIP and CETA, the movement must focus consolidating the positive vision of another world and another way of organising our economy and society. Within this vision, trade and investment must be a means to achieving a good life for all.

An initial priority should be the fight to democratise EU trade and investment policies. In this regard, it is important to remember that the processes used to form TTIP-style agreements consist of several steps. Every single one of these steps must be democratised, from the decision on the negotiating mandate to the negotiating phase and the adoption of a decision. In addition, we need to design an investment policy that is oriented towards the interests of people and nature and does not restrict democratic scope for action. This requires an overarching utopia. This utopian vision might be the good life for all.

The movement against TTIP and CETA has access to a diverse range of knowledge and the capacity for broad consensus and creative resistance. It also has access to a shared willingness for pursuing diverse strategies and for sharing ideas and engaging in cooperation. If the movement continues to focus on these strengths, it will be possible to deepen the existing fault lines and prevent the so-called "free trade agenda". At the same time, the movement can make an important contribution to promoting alternatives from below. Several of the Stop-TTIP platforms in different countries have recently taken the step of transforming themselves into platforms for just trade and just globalisation. In doing so, they have helped to develop a new narrative and formulate the next steps for building on past successes.

What can other movements learn from the resistance to TTIP and CETA?

Place democracy at the centre of the struggle – but do it in the right way!

The fight against TTIP and CETA is a fight for democracy – in two different ways. First, it is about ensuring that trade agreements can no longer be negotiated behind closed doors and rushed through the parliaments. Such agreements have profound effects on the everyday lives of people and on the political scope for action afforded to states and communities. As such, they must be publicly discussed and agreed upon across as broad a spectrum of society as possible. Secondly, the fight is about defending society against the erosion of democracy. Agreements such as TTIP and CETA restrict the scope of democracy. They create a parallel justice system that allows foreign investors – mostly transnational corporations – to file cases against states for billions if they consider laws and regulations to be limiting their profits.

For many, the aim of defending and expanding democracy is a key reason for engaging in the fight against these agreements. The problem is not that people are demoralised – they are simply in need of specific reasons and concrete options for action. Other initiatives, such as DiEM25, also focus on the question of democracy. But while they push generally for more democratic rules at the EU level, the movement against TTIP and CETA has successfully connected the fight for better

democracy with tangible issues such as the right to good food, decent wages and good public services. This makes tangible the struggle for the restoration or advancement of democracy – and this change will come from below.

The resistance must be organised across borders – and between different countries and political traditions!

The movement against TTIP and CETA is a positive example of how resistance can be coordinated across Europe and beyond. Organisations that otherwise work predominantly at the national level have come together with groups targeting EU institutions. Together, they have managed to consistently channel their efforts to the areas in which they have the greatest impact. If the situation reaches a peak in a particular country – as it did in autumn 2016, in Austria and then in Belgium – the groups are able to direct their support to local partner organisations. Whenever a vote in the EU parliament is looming, they can coordinate their advocacy work towards MEPs.

This is made possible by the fact that the individual actors have a pragmatic approach to the different levels of politics. Though some are seeking to reform the EU and others are questioning its very existence, when they work together, these differences take a back seat. The decision to prioritise the EU parliament, a national government or a regional parliament at any given moment in time depends not on ideological preferences, but on the respective chances of success. This makes it possible to

channel efforts to where they are most worthwhile – jointly and across borders.

Let us not allow our opponents to falsely claim the badge of “internationalism” as their own!

Often, EU elites complain about the population’s lack of interest in EU policy and the lack of a “European spirit”. The movement against TTIP and CETA offers both these things, since people are organising themselves across borders to fight for common interests at EU level. The fact that the political and media elites still denounce them as “anti-European” says more about these elites than it ever could about the movement. According to the elites’ logic, anyone who opposes a specific member state law would automatically also be against the existence of the respective member state.

International cooperation is a fundamental principle of progressive and leftist politics – whether between movements, parties, cities, regions or states. The problem is that in current public debate, only one form of cross-border cooperation is valued or made visible: that of EU institutions. At the same time, these institutions are structured so as to be shielded as effectively as possible from pressure from below, enabling neoliberal policies to be enforced easily against majority interests. In light of this, we should not allow the EU to falsely misappropriate the principle of internationalism. Collaboration across borders works best without the EU institutions, or even

working against them.

Even ostensibly minor topics can make a difference!

A common criticism of the campaign against TTIP and CETA is that trade is too narrow an issue to occupy so many resources. Other areas of EU policy, such as economic or refugee policy, are more profound and important in their impact. Certainly, it is true that TTIP and CETA are not the only dangers we face – and perhaps not even the most important. At the same time however, the inherent dangers of the agreements threaten far more than just trade: they risk democracy, the rule of law, agriculture and food quality, climate and environment, jobs and labour rights, public services, small and medium-sized enterprises and much more.

Moreover, there is an undeniable strategic argument for making TTIP and CETA (or trade policy) the central focus of a campaign. Firstly, trade impacts the interests of a greater number of social groups than virtually any other area of policy – and thus offers the opportunity for new, broad alliances. Secondly, the agreements lend themselves effectively to making the consequences of neoliberal policies tangible in the everyday lives of the population. Thirdly, the mode in which the agreements are required to be adopted at EU level – with the explicit agreement of all EU member states – provides a lever for social movements. It makes it possible to mobilise people throughout the entire EU, even far from centres of power such

as Brussels, Berlin and Paris. As a result, trade and investment policy is better suited than, for example, tax policy for throwing sand into the neoliberal EU gearbox.

Choose issues that affect people's daily lives!

How does a major movement come about? In countries such as Greece and Spain, it was the EU's austerity policy that led to widespread opposition. The resulting movements had the power to defeat the prevailing politics. In Greece, the left-wing Syriza government succeeded, at least in the short term, in challenging the European elite. Ruling powers in other countries are on similarly shaky ground. The above-mentioned examples make clear how repressive the EU elites can be against democratic resistance and grassroots alternatives.

In contrast to Spain and Greece, countries such as Germany and Austria had, until recently, seen relatively low levels of resistance to austerity policies. The harshness and injustice of such policies had remained too abstract and too far away. With TTIP and CETA, this changed. Movements emerged opposing the neoliberal EU policies that exclusively serve the interests of corporations.

Real, easily imaginable threats must be made visible in order to mobilise people to tear down these policies. In Spain, people experienced first-hand what austerity means – including the unjust loss of their own homes. In Austria, it is the dangers that runaway globalisation poses to food, jobs and public services

that bring people to the streets.

For the future, we must examine the question of how the various resistance movements can network and thereby gain strength together. Which area of policy could be the catalyst? One potential focal point could be the attacks on the rule of law, freedom and democracy that are currently increasing at both the national and the EU level. Cutbacks and trade policies threaten these achievements, as do new surveillance measures and the restriction of fundamental democratic rights in the name of combating terrorism. Organising ourselves against this authoritarian turnaround is not only necessary, but makes political sense, too.

THREE LESSONS

1. Criticism and protests against EU politics is not inherently nationalistic. Resistance to TTIP and CETA has brought people together across borders.
2. Successful resistance must be anchored in the realities of people's lives. If this is the case, it is possible to organise resistance to a whole range of supposedly sophisticated issues.
3. In order to facilitate broad cooperation, it is necessary to agree on central points of criticism or alternatives that work in harmony. It also important to agree on resources that facilitate a minimum level of collaborative work.

FOOD SOVEREIGNTY: CULTIVATING RESISTANCE AND ALTERNATIVES FROM BELOW

Julianna Fehlinger

The food sovereignty movement is one of the largest and most diverse social movements in the world. It addresses the immediate needs of people for locally adapted, healthy and adequate food and places agriculture in the hands of those who actually produce the food. Resistance to neoliberal agricultural and trade policies and grassroots alternatives play a central role. The movement has numerous lessons to offer to other social movements seeking to work outside the narrow framework of EU policy or to transcend the futile dichotomy of reform versus exit.

How the food sovereignty movement came about

Since the 1970s, critically-minded farmers have been joining together in Europe to combat the supremacy of the agricultural industry and to fight for peasant agriculture. They are committed to promoting locally adapted production methods and opposing the liberalisation of agriculture. At the beginning of the 1990s, (peasant) farmers' organisations around the world formed an alliance with land workers, landless people, women's movements, pastoralists, fisherfolk and Indigenous peoples. Together, they founded the movement La Via Campesina

(English: The Peasants' Way). Today, this is one of the largest social movements in the world, with over 200 million members. The common political goal amongst all members of La Via Campesina is that of food sovereignty. It was first presented in 1996 at the UN's World Food Summit and is a response to the technical concept of "food security".

Food sovereignty is not an "off-the-peg" solution, but a framework that is required to be elaborated on an ongoing basis by concrete local initiatives and measures. It cannot be ordained from the top down, but must be moulded using collective processes. It is grounded in the diverse realities of life experienced by farmers and consumers and their local struggles for the right to locally adapted, healthy food. Food sovereignty prioritises the nutrition of the population above production for export. It means acknowledging the value of those who produce food and supporting locally adapted production systems. These systems should, in turn, be overseen by local structures and safeguard the capacity of nature to replenish itself.

Today, the majority of producers are excluded from any say in the political framework that determines how food is produced, processed and distributed. International trade agreements, subsidy systems, genetic engineering legislation and hygiene regulations are all adopted without democratic involvement. Democratic control of food production is a prerequisite for

asserting other rights, such as the right to food or education. Food sovereignty builds on transnational solidarity and networking. It enables the “losers” of global agribusiness to support each other and resist the threat of hierarchical power structures. It consciously and deliberately breaks down internalised structures of power such as racism and sexism, while local resistance and alternatives are complemented by a global perspective.

Exposing where the real conflicts of interests lie

Competitive pressure in agriculture has led to the decimation of farms on a massive scale and forced them to “grow or perish”. Though, in many European countries, the agricultural industry was subject to these developments prior to EU accession, they were significantly accelerated afterwards.

EU agricultural policy is strongly oriented towards the interests of agribusiness, large farms, food processors and retailers. Farmers and consumers alike lack the right to participate in the legislation process and therefore in the representation of their interests. Farming communities in Austria and other Western European countries are withdrawing their loyalty to traditional farmers’ representatives only very slowly, though these representatives have long been acting solely in the interest of large farms and agribusiness. La Via Campesina consistently demonstrates how this approach is wrong. Instead of working with the big farmers within a particular country, they build

solidarity with peasants in other European countries and in the Global South.

This problematic false equation of interests also exists in other policy areas. Employees are taught that they must work together with “their” companies against those of other countries. During the crisis, we were led to believe that there was a conflict between “us” and the people of Greece – though the real fault line was between the general population and the elites. The movement for food sovereignty has consistently been successful in breaking up these false conflicts of interests, since it makes tangible the contradictions between the actual experience of the farmers and the official narratives.

Building broad alliances

La Via Campesina soon realised that the transformation of agricultural and food systems could only be achieved through alliances with other movements. This realisation provoked the birth of the Nyéléni food sovereignty movement, which takes its name from a Malian peasant woman who became a symbol of peasant resistance. In 2007, the first international Nyéléni Forum brought together environmental organisations, human rights organisations, consumer networks, women’s movements and urban movements. Together, they developed and defined principles of food sovereignty, goals and demands. An essential feature of the Nyéléni process is the active participation of marginalised social groups, including farmers, who typically find

it difficult to access political processes. It also includes those affected by poverty and social exclusion. The forum ensures the participation of an equal number of men and women, with at least one third of its participants being young people and another third producers. As part of the movement's work at European level, more than 500 people from 42 European countries met in Krems, Austria in 2011 and in Cluj, Romania in 2016 to discuss their vision of food sovereignty and develop joint courses of action. Environmental movements were joined by human rights organisations, women's rights organisations, anti-globalisation movements, trade unionists, local projects and grassroots initiatives. The choice of Romania as the location of the second European forum was a very deliberate one, since the number of farms there has fallen sharply since EU accession. The decision was aimed at strengthening the movement in Eastern Europe.

Such broad alliances are possible within the Nyéléni movement because they are centred around the needs and concerns of those affected. They allow politically excluded people to formulate their interests as a joint force and practise an approach of practical solidarity. We must emulate this approach in other areas, too, providing a common vehicle of expression to marginalised voices. Capitalism and neoliberal EU policies are never harmful to one social group alone.

Acting local, building global solidarity

A central goal of the Nyéléni movement is to establish transnational solidarity amongst all the groups fighting for food sovereignty and developing grassroots alternatives. In so doing, the movement opposes the forces that play off the Global North against the Global South and blame migrants for impoverishment and crisis. Despite sharing massive criticisms of the neoliberal EU agricultural policy, there are only a few actors in the Nyéléni movement who believe that food sovereignty can be easily implemented at national level. Instead, the movement's shared visions focus on a transformation of consumption and production methods as well as of the political framework conditions – at European, national and regional level.

The Nyéléni movement is contributing to global solidarity through local action and transnational coordination. Though it may sometimes appear that international cooperation is only possible as part of jointly coordinated campaigns or international institutions, we *can* work and fight where we live and still be connected internationally. The resistance of smallholder farmers in Europe is largely fuelled by solidarity with colleagues in the Global South, who are being suppressed by exports at dumping prices.

Cultivating resistance and alternatives from below

"We are convinced that food sovereignty is not only a step forward towards a change in our food and agricultural systems, but it is also a first step towards a broader change in our

societies,” says the Declaration of the European Nyéléni Forum. Food sovereignty is a shared vision – one that is being fought for on different levels and encompasses a complete redesign of the food system. Under the umbrella of food sovereignty, we see movements resisting the agricultural industry, campaigns to transform neoliberal policies and grassroots alternatives supporting small-scale farming. Food sovereignty is the struggle between the peasant agriculture and agribusiness production models. The following part of the chapter gives an overview of the various fields of action the food sovereignty movement must engage in.

Solidarity-based production methods

For millennia, organic farming was the normal way of doing things. It was only with the introduction of chemical fertilisers and pesticides that agriculture was made dependent on external resources. Although farmer-consumer cooperation eventually enabled organic farming to be successfully reintroduced, supermarkets soon appropriated the hard-won achievement as a marketing strategy. This weakened fundamental criticism of the agricultural industry and rendered the concept of organic farming a part of capitalist logic. Fortunately, struggles for solidarity-based forms of production continue. They aim to strengthen small-scale farming systems and place resources back in the hands of peasants. They make use of heirloom varieties and GM-free seed, improve composting processes and reduce the oil dependence of

agriculture through small-scale structures and manual work.

Cooperation within small-scale agriculture and the ability of farmers to process their own products is enabling peasants to escape their dependence on supermarkets. On this basis, “doing something different” in the field of agricultural production becomes a form of political resistance. The disruptive force of this resistance is made clear by the headwind faced by alternative processing structures in the dairy sector. Despite the existing monopoly, dairy farmers are slowly succeeding in setting up independent, small-scale processing plants or organising strikes. In a similar vein, peasant farmers are practising civil disobedience by defying vaccination or hygiene regulations laid out for factory farming and industrial processing. In doing so, they are opening up discussions about agricultural framework conditions (like the agricultural policies of the EU) or other national policies they need to improve their production, such as legalising slaughter at the farm.

There is no future in industrial agriculture. As we progress towards the transformation of agriculture, the development and trialling of practical alternatives will be an essential step. Grassroots alternatives are not only helping peasant farmers in the here and now, but also contributing to the development of a political vision. The same applies to collectives and the solidarity economy. Collective takeovers can protect companies from bankruptcy and workers from unemployment. The formation of

clear alternatives inspires others to do the same, empowers people to act and builds a solid power base from below.

Placing food distribution back in the hand of the people

At the beginning of the organic movement, traditional forms of direct marketing such as farmers' markets and farm shops were hugely important. They made it possible for peasants to carry out their own processing and marketing and gave them independence. As the organic sector grew, the marketing and sale of products was increasingly given over to supermarket chains, and the relative power of peasant agriculture was weakened. Today, producer-consumer networks are experiencing a resurgence, enabling peasant farmers to earn a living income and guaranteeing a regional food supply. Food co-ops and farms participating in community-supported agriculture (CSA) are booming in many places in Europe, creating alternatives to the supermarkets, which are the world's most powerful corporations. At the same time, these initiatives are enabling consumers to engage with the topic of agriculture and are carrying out vital and accessible educational work.

These alliances have the power to dismantle the artificial characterisation of producers and consumers as groups with disparate interests. Only once this has been accomplished will it be possible to overcome the current ostensible lack of alternatives to neoliberal agricultural policy. Such producer-consumer alliances are also a vital requirement for bolstering

peasant agriculture. Developing new methods for production, e.g. through extensification, would be virtually impossible without this support.

Social rights and good working conditions for all

Farms are subject to high economic pressure. Because of this, there are ongoing struggles for producers to be paid fair prices and for agricultural subsidies to be distributed in line with the work carried out. Currently, subsidies are awarded solely on the basis of the farmed area. Creative campaigns and publicity work are frequently carried out to shed light on the scandalous nature of the decimation of farming. Women, who are particularly affected by the precarious situation, are additionally challenged by being trapped in traditional roles. Despite this, they succeed in using creative methods to draw attention to their situation, thereby defying patriarchal structures of power.

Creating good working conditions for all also means fighting for better commercial conditions and better conditions for land workers and employees in the processing industry (e.g. in slaughterhouses). Most of these workers are migrants. Campaigns promoting the rights of migrant land workers in different European countries provide information about workers' labour rights and offer advice and assistance in legal disputes. Two such campaigns, SOC/SAT in Spain and Campagne en Lotta in Italy, support migrant workers in defending their rights and provide an infrastructure for political

expression. In Italy, workers even blocked a potato processing factory in Italy in order to fight for better payment. Human rights organisations such as FIAN are committed to improving the enforceability of human rights and supporting a declaration on the rights of peasants at the UN level. The purpose of this is to enable people worldwide to rely on certain rights, such as access to land.

Within other social movements, too, it is crucial to acknowledge the existence of conflicts and to approach hierarchical power structures in a critical manner. Even as members of the same movement, we still occupy different social positions. It is particularly important to give due consideration to the experiences of women and migrants – and creative methods often play a role in achieving this. Members of Via Campesina Austria, for example, have created a cabaret that allows them to humorously portray the constraints facing women in agriculture.

Reclaiming the right to our Commons

New models of ownership are withdrawing land from the treadmill of capitalist recycling. It is only by doing so that can we disrupt the race for land and provide access for those who wish to farm it. Within such models, farms and land are acquired through direct loans and then handed over to legal entities such as foundations or cooperatives, which are then not permitted to resell them on the market. The farms can be used by people seeking access to land. In addition to the reclaiming of land,

seed and livestock varieties are being cultivated as a common good in the aim of adapting the characteristics of plants and animals to peasant production methods. Resisting genetic modification and patents on livestock and plants is vital if we want to make it difficult for seed and pesticide companies to implement these things. Small victories have already been achieved in this regard, most recently the decision of the European Court of Justice on new GMOs following a suit by Via Campesina in France. It states clearly that techniques such CRISPR do, in fact, produce GMOs and must therefore be regulated under the terms of existing European legislation on GMOs.

The fight for common goods and resistance to politics that serves corporations are two sides of the same coin. Thanks to various forms of political work, the vision of a society that enables a good life for all can be made palpable and imaginable. The use of common goods (e.g. seeds) in community gardens makes it possible to mobilise people politically and gain broad support for opposing patent rights.

Democratic food policy

The European Nyéléni movement is attempting to build visions of a democratic food policy based on food sovereignty. These ideas are being incorporated into the political stances and processes adopted around EU agricultural policy and other areas of policy, like trade and health. Unfortunately, the

intensification of neoliberal, capitalist policies – which are forcefully excluding ever greater numbers of people and destroying our natural resources – has made it difficult not only to form resistance movements, but also to develop common visions of how a solidarity-based world should look. Despite these challenges, the movement is attempting to develop such visions and take initial steps towards achieving them. Food sovereignty focuses on the real life situations of affected people and fights for a decent life in the here and now.

THREE LESSONS

1. We must build resistance to neoliberal policies such as the European agricultural policy and neoliberal trade agreements.
2. We must build broad alliances of social movements that enable a transformation of agricultural policy in the direction of democratic food policy and food sovereignty.
3. We must build alternatives to the current ways of producing, processing and distributing food and to other related aspects of our economy, making the vision of another type of agriculture a tangible one.

Literature

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RECLAIMING POLICY SPACE AND IMPLEMENTING ALTERNATIVES THROUGH STRATEGIC DISOBEDIENCE

Lisa Mittendrein and Etienne Schneider

The left and social movements have been criticising the neoliberal character of the EU for decades. As the EU moved further and further in the wrong direction, they advocated for a “different” and, above all, a “more social” EU. But with the authoritarian coup against the Greek left-wing government in 2015, this changed. A growing section of the left is now seeking a break with the euro and the EU, a so-called “left exit”. While this has certainly given momentum to the left-wing debate on Europe, it has also – regrettably – reduced it to one of “reform or withdrawal”. As leftists and movement activists, we have unnecessarily narrowed our options and left ourselves somewhat hamstrung.

In order to change the EU for the good of the many, strong progressive forces would need to act in a coordinated manner in several member states – including in the most powerful countries of Germany and France. As desirable as this might be, it is highly unlikely for the foreseeable future due to the current balance of power and the unequal development in Europe as a whole. If we don’t want to wait for a miracle, we need other options – including but not only at the level of government

policy.

Under the current neoliberal EU rules and regulations, the space for political action by left-wing governments is severely limited. At the same time, for many member states, exiting is not currently a plausible option – because the majority of the population rejects it, for example, or because the economic links are too close or the consequences deemed too drastic. Yet even if a left-wing government decides against leaving in the short term, they do not need to submit completely to EU policies and rules. Instead, they can use *strategic disobedience* to implement a range of progressive projects.

What is strategic disobedience?

Throughout history, the left and social movements have repeatedly called for breaks with unjust laws and regulations. This option could also be pursued in our dealings with the EU. Strategic disobedience describes the strategy of remaining in the EU or the euro and, at the same time, deliberately breaking the rules that contradict left-wing policies. What might such steps might look like in practice? We will illustrate this in the next two sections using the examples of budgetary and industrial policy.

Generally, strategic disobedience can take two forms. *Silent* strategic disobedience is limited to *non-compliance* with certain EU rules. In places, this is already happening: governments are refusing or only reluctantly conforming with the European

Commission's austerity targets. Silent strategic disobedience deliberately extends the principle of non-compliance to increase the scope for emancipatory politics. The extent to which this scope is increased depends, above all, on the willingness and ability of EU institutions to crack down and impose effective sanctions. As such, silent strategic disobedience can expand our options for action, but does not explicitly call into question the ideology behind the EU rulebook.

Offensive strategic disobedience, on the other hand, provokes open conflict with the EU. One example could be that a government presents a project aimed at publicly managing the provision of energy and declares that it will break EU law in order to do so. As such, offensive strategic disobedience uses specific political projects to politicise the neoliberal principles and beliefs enshrined in EU rules. As a result, criticism of the EU that would otherwise have appeared abstract becomes tangible and relevant in the context of particular issues. Criticising the EU is no longer merely an end in itself, but is connected to and grounded in specific issues. Such confrontations also have the power to gradually build support for radical alternatives requiring stronger ruptures with the EU – including in the eyes of those for whom the EU still symbolises peace and openness, despite its policies of militarisation and isolation. The flip side is that offensive strategic disobedience also makes sanctions more likely. In order to survive confrontations with powerful interests

and keep sanctions at bay, a left-wing government requires strong support from broad sections of the population and social movements, preferably also on an international level. Finally, strategic disobedience opens up new leeway for social movements. Instead of appealing to the EU for change without any prospect of success, these movements can put pressure on domestic politicians and demand that they break the rules.

Strategic disobedience on budgetary policy

The member states of the EU are subject to strict budgetary rules that limit their financial autonomy. The Maastricht Treaty of 1992 set an upper limit of three percent of gross domestic product for the annual budget deficit and sixty percent for debt. As part of the post-2008 crisis policies, these rules were tightened via so-called "EU economic governance", in particular via the Fiscal Compact. Today, governments must submit their budgets to the EU Commission almost a year before they submit them to national parliaments. The Commission can propose fines if countries do not meet their requirements. In addition, a so-called "debt brake" has been established and stipulates that strict austerity rules must be adhered to if the deficit is too high.

From both an economic and political perspective, the budget rules are highly problematic. They are unilaterally targeted towards deficit and debt reduction. They limit government spending in times of crisis, which in turn means that they

weaken demand, prevent investment and exacerbate the downturn. As if that wasn't enough, these technocratic rules have priority over democratic policy making and democratically elected parliaments.

Politically, the budget rules are powerful because they work on two levels. First, they directly restrict the budgetary policies of the member states. Those who violate them are denounced, threatened with sanctions or punished indirectly by bad ratings. Secondly, they have the effect of shaping public discourse. The dogma of a balanced state budget and austerity as an absolute necessity is now firmly anchored in public debate. "Additional costs" are often cited as an argument against progressive proposals – and are accepted by the public. If we want to attack the power of the budget rules, we must do so on both levels.

Governments already have a range of options for dealing with the budget rules. One of these is using exceptions that allow certain expenditures to be left out of the deficit, e.g. for natural disasters, bank bailouts or refugee provisions. In addition, member states can adopt progressive policies to increase public funds, such as higher wealth or corporate taxes. There is a record of EU interventions against such moves – via the Commission's country-specific recommendations, for example – but they are not binding.

There are three options open to states wishing to practise strategic disobedience in the area of budget policy. However,

only the third option, offensive rule breaking, constitutes a real confrontation.

As a first option, governments can work to achieve additional exemptions, one example of this being is the “golden rule” for investments. A number of trade unions are currently advocating for this option. If they are successful, member states will gain more financial leeway, but the basic idea and enforceability of the budget rules will remain intact. As a second option, governments can silently violate the rules by simply ceasing to comply with them on specific occasions. This has already been seen in France and Italy, albeit that the governments of these countries continue to recognise the rules’ general validity. Though this strategy creates policy space and erodes the rules’ enforceability in the long-term, the rules themselves – and their power to influence public debate – remain essentially intact.

As a third option, governments can resort to offensive rule breaking, the strongest form of strategic disobedience. A left-wing government can openly announce its intention to break the budget rules in order to finance an important political project, such as extending a railway network or financing the energy transition. In doing so, they reveal the problem inherent within the technocratic rule and are able to gain support for a confrontation with the EU. This has the combined effect of creating political leeway, delegitimising the budget rules and introducing alternatives into the public debate. However, those

who pursue this approach must be prepared for possible sanctions and conflicts with the rest of the EU.

Strategic disobedience on industrial policy

Industrial policy – and the restriction of this policy as a result of the EU's regulatory framework – has only rarely been a topic of discussion for the left and social movements. This is perhaps because industrial policy provokes an image of smoking chimneys rather than of progressive, ecological change.

Essentially, however, industrial policy is nothing more than targeted public intervention in specific sectors. This intervention comes in the form of state aid, tax relief or cheap credit and has the aim of modifying the economic structure as a whole. It can be driven by wide a variety of political intentions, from the profit-making interests of large corporations to the socioecological transformation of production in conjunction with a democratic public investment policy.

For a long time, industrial policy played an integral role in economic policy. With the rise of neoliberalism, this changed. According to the neoliberal doctrine, the market ensures the “most efficient” allocation of resources, while governmental industrial policy interventions lead to “market distortions”.

Over the course of the neoliberal shift in the EU, the scope for traditional industrial policy has been further restricted by means of a simple tool: EU competition law. The key lever in this regard

is Article 107 of the Treaty on the Functioning of the EU:

“Save as otherwise provided in the Treaties, any aid granted by a member state or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between member states, be incompatible with the internal market.”

In plain language, this means that an active industrial policy – one that promotes particular production segments and pursues a goal of socioecological transformation – stands in contradiction with the internal market and is therefore prohibited. It is on this basis that the EU Commission has been successfully advocating the large-scale dismantling of state aid from the late 1980s onwards.

The disappearance of industrial policy and trade policy instruments in the European single market has had a drastic impact on many of the weaker economies in Southern and Eastern Europe. Many sectors have been exposed to competition and takeover by European and international corporations. Deindustrialisation and import dependency were the result, and have been one of the main, if not the main cause of the euro crisis. In order to overcome the crisis, it is essential that we recover and expand scope for industrial policy.

Although this scope is limited by competition law, there *are*

some derogations that can be used to our advantage, such as public aid for the development of economically weak regions or the promotion of “projects of common European interest” (Article 107(3)(b)). Environmental protection falls in this latter category. The so-called “General Block Exemption Regulation” allows for even further derogations, for example for small and medium-sized enterprises or public aid for services that lie in the general economic interest but are not commercially viable for private enterprises. Public procurement, too, has regained increased room for manoeuvre in recent years, since social and environmental criteria are now required to be taken into account in addition to cost efficiency.

Despite these loopholes, EU competition law continues to hamper progressive industrial policy. This was illustrated clearly by the (ultimately unsuccessful) petition of the initiative “Berliner Energietisch” for a referendum on re-municipalisation: the establishment of a public utility company that supplied Berlin with electricity from its own renewable energy sources on socially staggered tariffs would likely have come up against EU competition law. The unlimited liability of the State of Berlin would have afforded the public utility company an “unlawful competitive advantage” over private providers.

Still, in light of the fact that EU competition law and its interpretation are highly complex, there are certain legal grey areas that are open to exploitation. In cases in which EU rules

are explicitly binding, silent strategic disobedience can be exploited in regard to industrial policy – by granting non-compliant public funding without informing the Commission, for example. But the potential for this silent breach of rules quickly reaches its limits. As soon as private companies start to be disadvantaged, they will complain to the Commission, which will then impose sanctions and request the return of the non-compliant funding. The upshot of this is that at some point, an offensive strategic disobedience strategy becomes inevitable. While open confrontation with the EU – for example, through a public company that uses state aid to manufacture and develop low-cost medicines in competition with private competitors – does carry the risk of sanctions, it also offers the opportunity to publicise and politicise the discrepancy between EU competition law and progressive projects, just as in the budget policy example.

Strategic disobedience in other policy areas

Strategic disobedience is particularly well-suited for political projects that have strong popular support and which would require core rules of the EU to be broken. The reversal of the liberalisation of public services would be an interesting field for experimentation. In this context, a left-wing government that renationalised postal and parcel services would, in so doing, call the neoliberal foundations of the EU into question. Another jumping-off point could be trade policy, particularly the import of goods and services, which – according to single market rules

- must currently be given equal standing with those produced within a particular country. This can threaten the environment, lead to the erosion of social standards and hinder economic recovery. In cases such as this, a left-wing government could impose tariffs or taxes on certain imports. In doing so, it would break EU law and would need to be prepared for hostile reactions. Strategic disobedience could also be used to control imports from outside the EU based on environmental and social criteria. Just because the EU concludes a trade agreement with the US or Canada, this does not mean that every future government has to respect it.

Summary: The opportunities and limits of strategic disobedience

By introducing the idea of strategic disobedience, we seek to usher in new perspectives to the deadlocked EU debate. It is a way of fighting for alternative policies and, at the same time, rupturing the fabric of the neoliberal EU. A left-wing government can make targeted use of strategic disobedience to implement important projects, mobilise the population behind a common goal and make tangible the problems of neoliberal European integration.

Does this reduce us to the level of the right wing forces that are currently breaking EU law in Poland and Hungary? On the contrary: rather than jumping to the defence of neoliberal EU rules solely because they are broken by our opponents, we are

seeking to develop tangible alternatives in the here and now that differ fundamentally from the values and visions of the extreme right. In this way, we deny them the opportunity to appropriate the dissatisfaction and anger of the population for their own ends.

Yet strategic disobedience also has clear boundaries. A blackmail situation like the one in Greece in 2015 leaves little scope for targeted breaks with EU rules. The size and financial stability of a country is pivotal in determining the extent to which any left-wing government project will be able to use opportunities for strategic disobedience.

While strategic disobedience is, first and foremost, a way of implementing left-wing government projects, social movements can also leverage its power. If EU policy obstructs particular goals, we must build pressure against it – at the level of countries, regions and municipalities. Too often, our governments invoke the EU as an excuse when they fail to meet the people's demands. It's time we begin asking them to break EU law – especially when we consider that they are supposedly on our side.

While strategic disobedience does not solve the question regarding the future of the EU, it *does* open up possibilities for action in the here and now. It weakens the enforceability of current EU rules and helps to shift the balance of power. This is where it reaches its limits – but a lot can be achieved before this

happens.

THREE LESSONS

1. We must not allow ourselves to be paralysed by the discussion of “reform or exit”, but explore options for action in the here and now.
2. We must stop being dutiful and sticking to rules for the sake of rules. Where EU rules stand in the way of emancipatory politics, we should break them and reclaim our power to make political choices.
3. We must not fight the rules and institutions of the EU in and of themselves. Instead, we need to engage in inspiring and ground-breaking political projects while simultaneously delegitimising the EU rules that hinder us from turning them into reality.

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LEARNING FROM LATIN AMERICA: NEW FORMS OF INTERNATIONAL COOPERATION

Julia Eder

The EU's descent into a state of crisis has prompted several calls for its transformation. The problem is that these suggestions are often very vague. The aim of this chapter is to provide ideas for how a different kind of intergovernmental cooperation might be conceived. They are not intended as ready-made counter-proposals, but are to be taken as starting points for a debate on alternatives in Austria and Europe as a whole.

Within Europe, most of our knowledge about processes of regional integration has been shaped by the EU. Because of this, it can be difficult for us to imagine other forms of intergovernmental cooperation, let alone to implement them. Because of this, it is important to draw inspiration from different forms of cooperation in other parts of the world. One starting point could be the long tradition of South-South cooperation, or interstate cooperation between countries of the Global South.

Alternative regionalism

A strategy of regionalism is defined as two or more states in a particular region coming together to organise their cooperation as a joint political project. While this can sometimes be confined

solely to the economic or political level, it usually involves both. In some cases, it also incorporates social aspects.

if we work on the assumption that the EU represents "traditional" or "conventional" regionalism, what, then, might alternative regionalism look like? Essentially, the term "alternative" refers simply to something being "different than now". As such, it does not imply a particular direction of change. With this in mind, a better way to explore the question might be to examine what prevailing forms of regionalism currently look like. At a general level, we have regional cooperation oriented primarily towards free trade and other forms aimed primarily at economic (sometimes also social) development. Mixed forms can also occur. In addition, the emphasis of such cooperation often shifts with changing times, as it has done in the EU.

The starting point for regional cooperation is usually a free trade agreement between several neighbouring states. They pursue a phasing out of tariffs and other barriers to trade in the regional bloc. Research on regionalism often uses a phased model that describes the characteristics of the individual stages. The fundamental assumption is that once regional cooperation has begun, it will inevitably progress towards becoming broader and deeper, with no reversal being planned or desirable. One reason for this is the unquestioned assumption that all participating stakeholders are benefitting from the project. In light of this assumption, issues of unequal distribution (and the

resulting disadvantages) that affect individual groups or class factions within the participating countries are rarely spoken of. The issue of political right of co-determination is also rarely engaged with at this level.

Turning this argument on its head, it would therefore appear self-evident that alternative regionalism should not place a central focus on free trade, nor should it pursue solely economic goals. Instead, it should pursue economic development in conjunction with social goals and political co-determination. Yet even in today's Latin America, most projects of regional cooperation are aligned with the European-influenced phased model. The Bolivarian Alliance of the Peoples of Our America (ALBA)² is one exception to this trend.

The origins of ALBA

During the late 1980s and 1990s, various countries in Latin America were witnessing considerable waves of social mobilisation against neoliberal policies and their effects. Social movements rejected the US's plan to enforce a centralised free trade agreement (a Free Trade Area of the Americas, or FTAA), while social movements from the two Americas organised themselves jointly as part of the Hemispheric Social Alliance. One of their achievements as part of this alliance was to develop the document "Alternatives for the Americas", which was published in 2002 and demanded, among other things, fair trade instead of free trade relations. This concerted approach

across various countries played a significant role in bringing the FTAA project to its ultimate demise in 2005. Later, ALBA heeded the long-standing call of the alter-globalisation movement to establish complementary, solidarity-based trade relations. In 2006, Bolivia, Cuba and Venezuela signed the "People's Trade Treaty", or "TCP" in Spanish. This treaty was partly inspired by the Bolivian concept of *vivir bien* - "living well". Its principles were adopted by all ALBA states in 2009, whereupon ALBA became formally known as ALBA-TCP.

It is important to point out that the numerous electoral victories of Latin American left-wing governments from 1998 onwards were preceded by social mobilisation and struggles. As a result, the newly elected political representatives were required to build relationships with social movements that had not previously existed. When military officer Hugo Chávez won the elections in Venezuela in December 1998, he became one of the first candidates to fall into this category. Shortly after his victory, he began a progressive government project centred on redistribution and political participation. Cuba – which had been completely isolated within Latin America in the preceding years – was an important ally in these endeavours from 2000 onwards. In 2004, cooperation was consolidated under the "Bolivarian Alternative for the Peoples of Our America", with "Alternative" being replaced by "Alliance" in 2009. Initially, the alliance consisted solely of bilateral agreements aimed at solving highly specific issues, such as the deployment of Cuban

doctors and nurses in exchange for Venezuelan oil.

In subsequent years, left-wing governments came to power in other Latin American countries and joined the original members of ALBA. These countries included Bolivia (2006), Nicaragua (2007) and Ecuador (2009). Honduras joined, but withdrew following the right-wing coup in 2009 after just one year of membership. Several small Caribbean island states also signed up, namely Dominica (2008), Antigua and Barbuda, Saint Vincent and the Grenadines (both 2009), St. Lucia (2013) and Grenada and St. Kitts and Nevis (both 2014); these then received special forms of support from the other ALBA members, including preferential trading prices and their own terms of credit. It is for this reason that bilateral treaties are much more common than multilateral treaties amongst the ALBA countries, since they make it possible to offer optimal support to the weaker partners. As such, ALBA is a broad network based on shared principles. Within the network, the exact manner of cooperation is agreed upon at a micro level.

ALBA is often referred to as “anti-systemic” in theoretical works due to the fact that its actions are oriented against the prevailing economic system. The term “counter-hegemonic” is sometimes also utilised, since the alliance aims to neutralise the political and cultural dominance of the US and national elites. To this end, ALBA seeks to create a new type of solidarity on a regional level – not only by focusing on inter-state relations, but also by

involving different social groups. In its capacity as a project of left-wing governments, this new model of cooperation focuses on the marginalised as the main beneficiary of its actions, with the economy being seen primarily as a tool for achieving social goals. However, this political orientation has also meant that the wealthier countries of Latin America, such as Chile, Argentina and Brazil, have refused to join. As a result of this, the countries of the ALBA group do not share common external borders. In addition, financing was and still is highly dependent on Venezuela.

Bases for cooperation

The political sphere

The highest body in ALBA is the Council of Presidents. Subordinate to it are the Political Council, the Social Council and the Economic Council. The relevant ministers of ALBA states are called in whenever these councils meet: the social ministers for the Social Council, the foreign ministers for the Political Council and so on. The Economic Council can be made up of industrial, economic, financial, trade, planning and/or development ministers. A Council of Social Movements exists at the same level to enable citizens to submit proposals on ALBA initiatives. All the committees make decisions by consensus; however, the functions of the Ministerial Councils and the Council of Social Movements are purely advisory in nature. Like the European Parliament, they are not able to sign agreements

and, if they object to an agreement, they can only advise against it being signed by superordinate bodies. If they view a project in a critical light, they are sometimes required to carry out protests outside of the official ALBA structures. However, social movements in the region have not limited their work merely to protests and objections. The "Social Movements of ALBA" platform links social movements outside of the official ALBA framework and across the borders of member states.

Unlike the EU, ALBA has no permanent supranational institutions, but pursues an intergovernmental model of cooperation. This means that political decision-making bodies are made up of national governments and that the members swap in and out on a session-by-session basis. This is designed to ensure the political independence of the member states – an important value of Latin American politics since as far back as the War of Independence, especially because this independence is regularly threatened by the US. Permanently established supranational bodies tend to lose their connections with the populations they represent, become "entities unto themselves" and ultimately threaten national political sovereignty. At the same time, however, this setup depends very significantly on national balances of power. If a left-wing government is voted out, an immediate exit from ALBA will likely follow, as was seen in Honduras in 2009. A change of government in Venezuela would have particularly dramatic consequences, since virtually all progressive programmes are

funded by rents resulting from its oil abundance. This is clearly not sustainable.

The social sphere

Collaboration within ALBA focuses on social goals. The basic needs of the population are to be secured, while poverty and social exclusion are to be reduced. This focus means that, in purely economic terms, the comparatively weaker countries benefit more from integration than their stronger counterparts (e.g. Venezuela). From a social perspective, however, all participants are able to draw significant benefits. A large number of social projects – so-called “Grand National Projects” – have been planned in order to exploit these benefits. They are currently being carried out in (or are set to be carried out) a number of socially important fields – not only education, health and culture, but also infrastructure, transport, telecommunications, fair trade, energy supply, food production, mining, industry and developmental finance (in the form of the Bank of ALBA).

Grand National Projects can sometimes be affiliated with Grand National Enterprises that facilitate the projects’ social goals. Examples from the food production and processing sector include Grand National Enterprises for fisheries and aquaculture, coffee production and food production. There is also the Grand National Enterprise ALBAFARMA, which distributes pharmaceutical products (often Cuba-produced)

throughout the ALBA region at fair prices. Particularly on the small Caribbean islands, these initiatives have made it possible to achieve major improvements in the supply situation.

In this regard, it is particularly worth highlighting Cuba's efforts and achievements. This Caribbean state, which has an excellent health and education system, provides its wide-ranging health expertise and excellently trained staff to countries with less well-established health services. Cubans working outside the country's borders have the specific task of training their local partners such that these partners will be able to work autonomously after a certain period of time. Various billing models exist for this purpose and are selected depending on the financial strength of the partner in question. As part of its ALBA obligations, for example, Cuba sent medical personnel to Venezuela over a period of several years and was paid for this in oil. By March 2014, 2.8 million people from the ALBA area had undergone surgery to improve their eyesight, with the operations being mostly performed by Cubans and paid for by Venezuela. The literacy campaign "Yo sí puedo", which was established in Cuba after the revolution, taught reading and writing to almost 3.82 million people in the ALBA area. It enabled a total of 1.17 million people to catch up on the primary education they had missed.

The economic space

It is important to note that focusing on social goals does not

mean neglecting the economy completely. Only with a well-functioning economy can the basis for social change be achieved. However, ALBA does not compel each member country to specialise "rationally" according to their relative advantages and exchange the resulting goods among the bloc. The "Trade Treaty of the Peoples" is intended to achieve mutual complementarity, which only comes into play when goods cannot be produced or grown by a country on its own. In all other cases, local or national production takes precedence. A common goal is to limit the imports of third countries to as great an extent as possible.

Within ALBA, the intention is to reduce imbalances between states. This is viewed as a collective task and is achieved by applying different rules to different members in accordance with their level of economic development. Economically weaker partner countries are permitted to protect their economies more closely, for example through the unilateral application of import duties. This model is known as "Special and Differential Treatment" (SDT) and can also apply to a lesser extent to non-member states. In addition, ALBA countries struggling to pay for imports due to a shortage of dollar reserves can swap goods directly for other goods (Venezuela, for example, obtains foodstuffs including sugar and coffee from Nicaragua in exchange for oil). Another possibility is the use of the SUCRE currency – the ALBA system of regional payment compensation – in trade transactions. This renders the dollar superfluous as a

medium of exchange, which also favours the weaker countries. Originally, the SUCRE was designed as part of a broader New Regional Financial Architecture (NAFR in Spanish), within which the 2009-founded Bank of ALBA was intended to serve as the main institution for development finance. Together with the "Bank of the South", which has not yet come into operation, it aspired to challenge the dominance of the World Bank and the IMF.

In their intended capacity as rivals of transnational corporations, the above-mentioned Grand National Enterprises are yet further examples of different type of economics. They are required to be owned by two or more ALBA states and operate in every participating state, and their profits must be reinvested in their own operations or channelled into social programs. In addition, they are required to create new regional value chains that integrate private small and medium-sized enterprises and guarantee high labour standards. Most of these companies are planned to be financed by the Bank of ALBA.

Which factors could be relevant as we seek to establish a new European model of cooperation?

The purpose of this chapter is not to provide off-the-peg solutions, since effective solutions can only be developed in the course of broad societal discourse. Nor is it aimed at contrasting the successes and failures of ALBA and taking a subsequent position for or against transferring the model to Europe. The

reason for this is that every region of the world has different requirements and options for cooperation. In its capacity as a South-South Cooperation, ALBA faces many problems that are not present or are only somewhat present in Europe. The EU has sufficient foreign currency reserves, modern technologies and several economically strong member countries; however, it lacks a fair distribution of resources. As such, actors in the EU must urgently seek to answer the question of how interstate cooperation can be organised such that vulnerable members of society are protected, not forced to shoulder the heaviest burden. In order to do this, we have an urgent need to stop thinking of nation states as homogeneous units. Brexit has reminded us that there are also marginalised and disenfranchised groups even within the “winning” countries.

The examples given in this chapter illustrate clearly that there are various potential forms of intergovernmental cooperation, with the EU being just one example. Despite this, over the past decades, it has consolidated itself globally in people’s minds as *the* model of regional cooperation. Much knowledge has been squandered as a result. At the same time, there has been a lack of effort to propagate alternative models, or at least to do so in any kind of broad sense. Our task is now to fill these gaps.

THREE LESSONS

1. We must define new principles of regional cooperation. These principles must be

aimed at mutual assistance with consideration for the needs of the weak and vulnerable, not free trade at all costs.

2. We must learn from experiences of other regions of the world. The last hundred years have seen the development of many good ideas and, in some cases, entire models of alternative regional cooperation.

3. We must consider the as-yet-unresolved question of adequate opportunities for co-determination in regional blocs. To this end, we must seek to develop participatory models of regional cooperation whose protagonists are not restricted to national governments and supranational institutions.

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² This article is a translation of a German version written in the year 2016. Due to the current crisis in Venezuela, cooperation in the framework of ALBA has mostly come to a halt and many projects have never been started. However, the author of these lines (still) considers that some of the ideas on alternative cooperation promoted by ALBA could enrich the debate in the Left, pluralizing the currently euro-centric debate on (EU-)integration.

ALTERNATIVES TO THE EURO

Peter Wahl

"While there are many factors contributing to Europe's problems, there is one underlying mistake: the creation of the single currency, the euro. Or, more precisely, the creation of a single currency without the establishment of a framework of institutions that enable a region of Europe's diversity to function successfully," said Nobel laureate Joseph Stiglitz in his 2016 book, *The Euro: How a Common Currency Threatens the Future of Europe*. Interestingly enough, the German edition is titled *Europa spart sich kaputt*, (*Europe Is Saving Itself into the Ground*), with no reference to the euro at all. This is no coincidence. Anyone who expresses criticism of the euro in the German-speaking world risks being dismissed as "anti-European" and excluded from the mainstream discourse. Nonetheless, many experts have been sceptical from the outset about whether the euro can actually work. Even German Finance Minister Schäuble admitted, "Design flaws in the monetary union have led to misguided incentives that have corresponding economic and, consequently, political consequences." (FAZ, 25 January 2016)

The single currency as a political project

A single currency is not inherently a bad idea, not least because different currencies are always a cost factor due to transaction

costs. A common currency gets rid of exchange rate risk and currency speculation. In addition, a common currency provides some protection against speculative attacks from outside the EU, since it is stronger than the national currencies of member states alone.

When the euro was introduced, politicians assumed that the new currency would accelerate the pace of EU integration. Many also believed that the euro would help level the playing field between Germany and the rest of Europe, thus preventing German dominance. Even though this did not end up happening, it is undeniable that the real motives for the introduction of the euro were political, not economic.

Not an optimal currency area

Reality soon made itself felt. For one thing, political union did not progress as hoped – on the contrary, the EU is further away from it today than ever before. The euro is a currency with no country and 19 countries simultaneously. This makes it a historically unique undertaking.

For another thing, the eurozone in no way corresponds to what would be deemed, in economic theory, an optimal currency area. The euro countries have long-established and widely varying structures, different levels of industrialisation and productivity and different economic traditions. The only solutions for overcoming such differences under the conditions of a common currency are “factor mobility” (that is, the ability for

capital and wage-earners to move freely between the regions of the currency zone) and the ongoing economic equalisation of the various regions through regular financial transfers. Both of these took place in Germany after reunification.

The problem is that this does not work in the eurozone. Though there is a single market, there are still a number of legal, tax and cultural differences that limit the mobility of business. The differences in the workforce are more pronounced still. Language barriers cannot be easily overcome, and labour migration inevitably causes a lot of problems for affected persons and their families.

In addition, there is little willingness for solidarity between the individual countries - even if many on the left would wish this to be the case. Calculations have been performed - including by the French Natixis bank - regarding the number of transfers that would be necessary to bring the living conditions in the crisis-hit countries into line with those in Germany or Austria. According to their survey, the EU's net contributors would need to spend between eight and twelve percent of their GDP for a period of at least ten years. In the case of Germany, this would be an average of ten percent of around 335 billion euros annually; for Austria, 37 billion. Even now, the political balance of power is not sufficient to reach the comparatively small sum of 0.7 percent of GDP for development aid. It is more unrealistic still to think that more than ten times this amount would be

enforceable in any shape or form.

Structural problems of the euro plus financial crisis equals rising debt

Though the euro countries were already developing in diverging directions prior to the financial crisis of 2008, it was not until this point that the contradictions of the euro really came to light. Bank bailouts and stimulus packages for cushioning the consequences were so expensive that several countries experienced sovereign debt crises. So-called “rescue packages”, which forced cuts to public spending, privatisation and liberalisation, led to an economic and social crisis that is still ongoing in many eurozone countries to this day. Price competitiveness in the crisis countries fell sharply.

While the member countries still had their own currencies, they had access to two important instruments for combating crises: sovereignty over exchange and interest rates. They were able to devalue their own currencies and reduce key interest rates as needed. Because of euro membership, this is no longer possible. The only remaining option remaining is so-called “internal devaluation” through the reduction of unit labour costs. Of course, this occurs at the expense of wage earners, while the bargaining power of capital is significantly strengthened.

After the euro was introduced, heterogeneity continued to increase. The euro deepened the fractures in the eurozone

rather than leading to equalisation. What's more, these fractures occurred not only between different eurozone economies, but between capital and wage earners within individual member states.

Currency: More than coins and banknotes

A currency is not only made up of coins, banknotes and account balances – it is also enshrined in laws and in an institutional framework. In the case of the euro, the most important framework is the Central Bank and its rules. As such, a currency is a social relationship. This relationship is not neutral, but is characterised by power and power relations. As such, the ECB mandate gives priority to monetary stability, which favours financial assets. The prohibition on state financing also leads to a unique problem, which is that although the euro is a domestic payment instrument, debts in euros behave like debts in foreign currency.

The ECB also occupies an enormous position of power over the central banks of the member states. When the Greek government surrendered to the Troika in 2015, this was triggered primarily by the ECB's threat to stop supplying the Greek central bank with euros. If Greece had not relented, the flow of cash and thus the country's economy would have collapsed within ten days. When we talk about alternatives to the euro, we are also talking about alternatives to the power of the ECB and its current economic and socio-political

orientation.

The lesser of two evils

The ideal solution would be to shape the eurozone in such a way that economic and social differences between the member states are reduced and that upward equalisation takes place - in other words, to progress in the direction of a common state. At the moment, this is completely unrealistic. This lies at the root of the debate about alternatives to the euro. If an optimal currency area is not a realistic prospect, we must think about monetary alternatives that at least neutralise the euro's negative potential. The central objective of any such action must be to avoid a confrontational and explosive crash-landing of the monetary union - by being smart enough to make a tempered retreat before it cracks open.

Meanwhile, the crisis has reached such proportions that the alternative is no longer a choice between good and bad, but between the greater and lesser evil. No matter what we do, there is no way out without friction and costs. Essentially, it is about weighing the price of maintaining and saving the euro against the price of an alternative. The "price", in this case, has both economic and political aspects. If the permanent austerity of the euro regime is paid for in political instability and the rise of radical right-wing forces, this must be part of the calculation.

Furthermore, the choice is not simply between "stay or leave", but between a range of nuanced variants. The process will be

different depending on whether a country leaves alone or does so with others – the Mediterranean neighbours as a group, for example. It will also be different depending on whether the exiting country is Greece, or whether it is a big economy like France or Italy. Ultimately, the truly decisive factor will be whether actions are taken in a cooperative manner or a unilateral, confrontational one. This is particularly relevant for the management of any problems that occur during the transition to a new system. A cooperative solution would allow the debt issue to be solved more easily, for example through debt relief. Stiglitz, like most left-wing Eurosceptic politicians, advocates for an “amicable separation”. In contrast, Le Pen – but also some leftists – seek a unilateral approach. There are numerous incalculable risks associated with the latter.

Some parties, like France’s Left Party, envision a cross between an amicable agreement and a one-sided break – a strategic disobedience approach encompassing a mix of unilateral measures and openness to negotiations. Though it advocates that the Maastricht debt criteria should be ignored, it also seeks to negotiate with partner countries (first and foremost, Germany) and to demand the abandonment of austerity. It also demands reforms to the ECB and key components of the EU economic constitution. Only if Germany is not prepared to change its course will it seek for further unilateral steps to be taken.

There are also several competing ideas regarding what should replace the euro. The most radical alternative, a simple return to the national currencies, rarely receives much support from the left. Most parties envisage combined solutions that enable nation states to retain flexibility regarding the exchange rate whilst also pursuing international cooperation. In such cases, the accusation that they are *per se* nationalistic concepts is therefore untrue.

A split into northern and southern euro?

One simple suggestion would be to group the economically strong economies in a Northern Zone (the "northern euro") and the others in a Southern Zone. The northern and southern euros would then fluctuate freely against one another and against third currencies, allowing disadvantages in price competitiveness to be offset by devaluations. At the same time, the Northern Zone would be able to pursue a "strong currency" policy - a highly advantageous move from a macroeconomic perspective, because such a policy drives innovation. During the period in which the Deutschmark was strong, the Deutsche Bundesbank applied this "competitive whip" in a targeted and effective way. With a northern and southern euro, both zones would have their own central bank. The main candidates for the Northern Zone would be Germany, Austria, the Netherlands and Finland.

The advantage would be much greater homogeneity and

correspondingly fewer exacerbations of distortions within the two currency areas. Though the idea originates from the academic sphere, it was given a further lease of life by the rejection of proposals for a transfer union – that is, the pooling of debts and the introduction of common government bonds (eurobonds) or other forms of support for the crisis countries. It is on this basis that the idea was adopted by right-wing circles such as the Freedom Party of Austria (FPÖ). From a purely monetary perspective, however, the crisis countries would also benefit from being part of a homogeneous group – for example Greece, Cyprus, Portugal and possibly Spain. This would additionally offer accession prospects for EU members who do not meet the conditions for membership of the euro, such as Romania or Bulgaria.

An internal and external euro

This idea was introduced in 2013 by the French intellectual leftist Frédéric Lordon in the journal *Le Monde Diplomatique*. He proposed to maintain the euro as an external currency, i.e. in relation to the dollar, yen etc., but also to establish a euro-lira, euro-franc, euro-shilling and euro-deutschmark for domestic cash flows. Within this system, all external and inter-member state transactions would be handled by a reformed ECB, a process that could be accomplished electronically without much effort. The exchange rate with foreign currencies would continue to float on the foreign exchange markets, but a fixed exchange rate for the domestic currencies would be set among

the member countries via political decision-making structures and adjusted as necessary. A similar approach (i.e., a fixed exchange rate with adjustments where needed) existed between the dollar and the other major currencies at the time of the Bretton Woods system.

Interestingly enough, such a system already exists using the euro, though hardly anyone has so far taken note of it. A group of West African countries, the so-called CFA Zone (Communauté Financière Africaine), adopted the French franc as their common foreign currency but retained separate local currencies that circulated on the internal market. When the transition to the euro took place, the euro took the franc's place. The ECB has entrusted the management of this model to the French treasury. The problem with the concept is that the treasury – in this case, one located far away in Europe – continues to occupy a dominant position, and the unilateral scope for action by the individual countries is too small.

Expansion of the European Monetary System (EMS)

The EMS was founded in 1979 with the eight core countries of the European Economic Community (EEC). Another six had joined by 1998. The introduction of the euro did not mean the end of the EMS: it still exists in a miniature form between the Danish krone and the euro, after Denmark rejected the euro in a referendum in 1992. Denmark has done relatively well as a result of this decision. If we take growth as an indicator of


economic performance, the country's performance consistently measures above that of the eurozone. The basic idea of the EMS is to establish, by political agreement, a corridor within which the prices of individual national currencies can fluctuate. If the upper or lower limits are exceeded, the central banks have a joint duty of intervention. One advantage of the EMS is that the power of the ECB is limited, which increases the unilateral scope of countries for implementing alternatives to austerity.

In the context of the current crisis debate, the concept is interesting in the sense that a country like Greece could enter into this functioning system after a euro exit. This would not be an out-and-out "Grexit", but rather a transition to another mode of monetary cooperation in the EU. If this is done with mutual consent, accompanying measures such as debt reduction (which are inevitable anyway) would also be made feasible. However, most Greeks are not so much interested in this as they are in the symbolic and affective value of belonging to the "Club of the Rich and Successful". Leaving this club would be considered a loss of status. Such affective ties to a mundane matter like a currency are not uncommon – the Germans, for example, indulged in their D-Mark nationalism for decades. Since German national pride is taboo for historical reasons – and quite rightly, of course – they found a substitute in their love for the German mark.

Which perspective to choose?

All of these concepts have different advantages and disadvantages and raise numerous technical issues. However, they demonstrate that there are clearly a number of alternatives to the euro - ones that would even be acceptable from an emancipatory standpoint. Even if the chances of asserting these options are low in the face of current power relations (though they are still higher than the chances of achieving a "social Europe"), the discussion regarding alternatives helps to develop a third, independent leftist position in the European political debate. This is a position that no longer trails indistinguishably in the wake of social democratic actors and the Greens and, at the same time, is clearly demarcated from the right.

The elites of the eurozone are clinging on to the euro in its current form, and this approach is necessitating austerity and neoliberal reforms. It is now accepted as inevitable that economic disintegration in the crisis countries is growing, as are the levels of dissatisfaction and suffering. As a result of this, the risk is increasing that sooner or later, an elected government will initiate a unilateral and confrontational exit from the euro. If the exiting country is also a major economy, the consequences will be much greater than if flexibilisation measures are introduced pre-emptively. This increased flexibility could accommodate the diversity of the member states *and* maintain international monetary cooperation, albeit in a different mode than the euro in its present form.



THREE LESSONS

1. Member states seeking an alternative to neoliberal economic and social policies need scope to extract themselves from the potential for extortion that exists in the single currency.
2. We must end the iconisation of the euro and weigh up the pros and cons of the various proposals in a clear-headed fashion.
3. We must develop a third, emancipatory position on the euro debate, independent of Social Democrats and Greens on the one hand and the right on the other.

“LET’S USE CITIES AS SPACES OF EXPERIMENTATION”

New social movements are using the city as an arena for a different kind of politics and new forms of cooperation. In this interview, Manuela Zechner and Bue Rübner Hansen discuss how cities can become levers against the central government and the EU, and why local politics is more important today than ever before

Interview with Bue Rübner Hansen and Manuela Zechner.

The two of you have participated in several recent political experiments in Barcelona. There and in many other cities in Spain, the left and social movements have been focusing on the city as a space for activism and political work. How did this come about?

Manuela Zechner: A lot of the organising aimed at reclaiming municipal institutions started from Barcelona. There, you have the history of the Spanish civil war, where defending the pride of the neighbourhoods traditionally played a very particular role. This took the form of the workers’ cooperatives and *ateneus*, a type of cooperatively-run social and cultural centre. During the dictatorship, when more formal forms of resistance like parties and trade unions were illegal, the neighbourhood also played an important political role. The “barri(o)” is still a central battleground for these types of struggles. When it comes to issues such as expulsion, touristification and

gentrification, the city was and still is an embattled space. Discussions regarding a sustainable urban model are of high topical relevance, and individual neighbourhoods function as places of resistance.

Alongside this, you have the debates on municipalism that emerged in the wake of the 15M movement of 2011. After they had occupied the squares, people took to their neighbourhoods, looking for ways to engage more sustainably through local communities and spaces. They sought to build new structures and to work out new demands and practices. These people had been told arrogantly by the elites to get serious and render their demands as “capital P political” proposals. What the elites didn’t expect is that people would not only do this, but win impressive victories as a result. They didn’t think this could be done through a movement like municipalism; that municipalism could win elections.

Bue Rübner Hansen: Yes, 15M was very important as a starting point for municipalism. At that time, debates about the city and parliamentary democracy were kicking off in a number of places. The slogans of the 15M movement were “You don’t represent us” and “Real democracy now”. But people weren’t simply looking to start a new party. Instead, they wanted to be able to shape the democratic process from below, starting with their cities and their neighbourhoods.

So there were different ways of approaching the

debate around the city. Who were the other key players?

Manuela Zechner: Well, the existence of collectives such as “Observatorio Metropolitano” and the like indicates that there were already many social movements with a strong focus on the city. Then, of course, there were the housing movements, most notably the anti-eviction movement “Plataforma de Afectados por la Hipoteca” (PAH). They had developed a lot of know-how around broad, transversal, accessible popular organising and self-empowerment. Many of the people who eventually stepped up to propose the ‘Barcelona En Comú’ election project in Barcelona in 2014 had strong links to the local PAH.

Bue Rübner Hansen: Barcelona en Comú invited the public to participate in formulating policy. This happened through thematic and neighbourhood workgroups, which drew participants from social movements that were already engaging with health, education, culture or migration. They also drew people with stakes, experience or expertise in those fields. The participatory policy-making often took the form of rich processes of transversal exchange where knowledge about social needs was produced, as well as about the competencies of institutions, existing law and administrative practices. Within Barcelona en Comú, this spirit of drawing on the knowledge, demands and policy proposals of movements still exists today. I spoke to one of the founders, who said something along the lines of, “Before, we were unsure what to do about the situation

of rising rents, but since a renters' union has been formed, we suddenly recognise very well what needs to be done."

You've used the term "municipalism" several times. What exactly does it mean?

Manuela Zechner: I would define municipalism as an attempt to anchor politics in the spaces and everyday lives of the people, with the basic idea that social change should start with local institutions. By exercising political influence or ascending to power, a municipal government can be used as a lever against central government and capital interests. A key element of this is the notion of a politics based on closeness; of being close to the tangible issues that affect people in their daily lives and for which they are able to develop their own solutions in the immediate term. Barcelona en Comú and many other municipalist actors based their agendas and manifestos on input from open neighbourhood groups and issue-based discussion groups. Here, they would have input from all sections of society: the local pensioner with no way of getting to hospital, the people fighting the privatisation of the local healthcare centre, the local architects' cooperative, and so on. Municipalism means thinking about democratic politics beyond the framework of the nation state. Of course, this is a challenge, not a ready-made solution in itself.

What was and still is particularly important is the feminist way of thinking. In Barcelona and Madrid, municipalist platforms not

only propose female mayoral candidates, but also actively represent feminist positions and practices. They advocate for equality, care and concern, variety and diversity. They try to reimagine the concept of political office based on feminist principles.

So municipalism is an electoral approach?

Bue Rübner Hansen: Yes, exactly. It takes local elections and local institutions as potential vehicles for change. Of course, there are many other types of city-based activism, and all of these are a prerequisite for municipalism to succeed. So while it is essentially an electoral project, it is quite different from traditional party-making in that it takes the ideas of a citizen's platform as its base. There is a reimagining of what it means to organise an electoral bid - and municipalism approaches this in quite a different way from traditional left-wing parties, whose point of attachment is generally the nation state.

Manuela Zechner: Voting rights in Barcelona are not limited by national citizenship. This enables us to define politics in a different way. In this sense, municipalist politics has the potential to redefine citizenship as the agency and rights of all those that inhabit a city. Barcelona en Comú has experimented in this regard by introducing the "Neighbourhood Document". This is a new municipal certification that proves a person without papers has roots in the city and should not be detained or deported. This is a first step towards protecting people in the

spirit of “sanctuary cities”. It remains to be seen how it fares in practice – in offices and courtrooms. This experiment is interesting because it goes beyond the rhetorical level. Ideally, it represents a move in the direction of a kind of municipal ID card, which extends rights and benefits to all who live in a city, regardless of their status. Generally, the first term of the new municipal governments in Spain has been a trial and error of anti-racist strategies. We may credit them with goodwill and tactical intelligence but not enough has been done to include people with irregular status yet. I do hope the attempts to redefine citizenship at the municipal level are continued and intensified if these governments win a second term.

Traditional left-wing strategies usually tackle issues at the level of the nation state, or even at an international level. With this in mind, what are your arguments for starting locally, where you live?

Manuela Zechner: Well, these two approaches aren’t mutually exclusive. Spain is exciting politically in the sense that it has powerful movements on many levels. Projects on different levels don’t necessarily contradict or stand in conflict with one another, though they inevitably have differences in approach. In many cases, the relationship between social movements and institutions is being renegotiated, and this is happening in an environment of complicity, hostility and antagonism. The relationship between electoral projects is similarly complex. With all this said, it’s important to remember that municipalist

initiatives *do* work on an international level, too. The idea of a translocal dimension as manifested by links between cities rather than solely by international relations is a central aspect of the new municipalist movements. We are caught in a paradigm of politics between states, and we need new room for manoeuvre and alliances.

Bue Rübner Hansen: Alongside the municipalist projects, we have initiatives like the political party Podemos, which ran in the 2014 European Parliament elections and operates at the regional, state and European Union level. Furthermore, as has already been touched upon, the municipalist platforms do lots of international work. One of these platforms, the abovementioned international working group “Barcelona en Comú”, is building partnerships and conducting campaigns with a number of movements across Europe, Latin America and the US. At an institutional level, too, city governments are beginning to network in a transnational way, for example when it comes to criticising states’ refugee policies or fighting TTIP. Now, with Donald Trump, there is a lot of networking going on in the form so-called “sanctuary cities”, the cities of refuge in the US.

Let’s go back to the fight against the central Spanish government. What significance does this fight have for alternative policy approaches?

Bue Rübner Hansen: The cultural and institutional history of the Spanish state helps explain why municipalism has experienced a

recent breakthrough. The left and the regions have historically had very bad experiences with the state due to fascism – and even before Franco, the rather weak Spanish state had little democratic legitimacy in comparison to many of its Northern European neighbours. Another thing to remember is that the Spanish state was organised according to the Catholic principle of subsidiarity, which meant that as many public services as possible were delegated to lower levels of government. As such, municipalities also played an important role historically. The region-versus-state dynamic has been established in Catalonia for some time now, and municipalism has taken that dynamic to a new level, although the relationship between independentism and municipalism is complex and fraught. The radical left independentist party, CUP, has its origins in a mostly rural and small-town kind of municipalism, while Barcelona en Comú attempts to represent both the pro- and anti-independent sides. The independentist upsurge in 2017 was a difficult challenge for the Comuns. It divided the popular classes of Barcelona over the national question.

How would you break down the strategies that are being used to confront the central government and its policies?

Manuela Zechner: The struggle for independence is the most obvious approach. There are demands for regional autonomy in many places in Spain, with Catalonia being the most prominent case at present. There is a good deal of ambivalence

surrounding the issue, because the regional government is fairly neoliberal and is exploiting the independence issue in an opportunistic fashion. At times, parts of the independentist left have gone into uneasy, if not plain unsettling alliances with the neoliberal independentists. Independence is often raised up in a kind of teleological way - "All will be good once independence happens". Due to that, opportunities for making important changes in the here and now are missed. One example of this is the CUP voting against the municipalisation of water and a series of other citizen-led proposals that could have made a big difference in the city. The independentist, "yes-or-no" debate freezes out all other ongoing political issues and polarizes the population in a way that's not necessarily productive. I totally understand the rage against the Spanish state and all that it stands for. Despite this, I think that in political terms, independence is not the most promising horizon. Independentism fails to guarantee any kind of social change in the long term. It is also essentially a form of nationalism, however progressive many of its versions may be. Because of this, it comes with a culturalism that I am not comfortable with.

To a certain extent, municipalism has managed to turn the independence dynamic into something different. It articulates a different claim to autonomy - that of the city, which still engages with the independence issue, but comes at it from a very different place. Its perspective is a lot less centred around one "main identity" and "main enemy". Instead, it proposes a

more nuanced picture of who we are and what kind of political space we might dream of. As compared to the national subject, the urban subject is a bit of a monster – and I mean that in a positive sense. It can't be pinned down to one class, ethnicity, race, nationality, sexuality. Our cities are quite transcultural and "queer". Municipalism takes this as a potential and tries to develop it further. A literal example of this would be Barcelona en Comú's rather powerful "Queer Municipalisms" gathering in 2018. However, you can also see it in the way they position themselves in regards to the debate on migration, climate and global justice. Barcelona city has had a global justice department since 2015!

Bue Rübner Hansen: Yes, we are also now seeing new conflicts between cities and central governments. One of the most prominent of these is over the admission of refugees. Both Barcelona and Madrid have wanted to take in more refugees since 2016/17. They have been very vocal about this, with "Refugees Welcome" banners on their town halls, public declarations, open letters to the prime minister and so on. Certainly, it's not the case that there are no asylum seekers waiting for decisions in Barcelona, or that all migrants have a great life there. However, the city's campaign sought not only to take in more people, but also to create a debate about the state's poor excuses for not taking the 18,000 refugees it had promised its fellow EU members. This was Barcelona's attempt to act as an autonomous city; to provoke, to make the city's

voice heard.

Back then, Barcelona made a bilateral deal with Athens to admit people directly from there. This was a way to test the legal ground for such action. Whenever a central government fails to fulfil its duties, its competences should be called into question in a way that allows regions or cities scope to take the initiative. This opens up the opportunity for legal battles on this level. Following this approach, Barcelona dismantled the central government's excuses and tested out new pathways for action. Sadly, this didn't lead to more people being let in by the Rajoy government, but it *has* opened up a new battlefield and symbolically demonstrated that the conservative government was acting in bad faith.

Manuela Zechner: These city campaigns paved the way for prime minister Sanchez's social democrat government allowing the disembarking of refugees from the famous Aquarius ship in 2018. The cities created a precedent of level-headedness and openness and firmly refused to buy into the fearmongering anti-migrant discourse. When Ada Colau tweeted that the current situation around migration in 2018 makes her feel not afraid, but ashamed, she was a great example of this. All of this is about cleverly navigating media debates to open horizons and forge new room for manoeuvre at the local, national and translocal political levels, not merely the "inter-national" one.

How about other examples?

Manuela Zechner: There is currently a lot of tactical manoeuvring around political competences, particularly for issues on which cities oppose the policies of the central government. Barcelona is making attempts to undermine the powers of the government or to use municipal powers of jurisdiction to challenge them.

Bue Rübner Hansen: The neoliberal state functions by simply ignoring a lot of issues – poverty, high rents, empty houses or increasing homelessness. Cities can take action on this in a way that not only makes up for the state's lack of action, but also builds social power and participation. Conversely, the city can – paradoxically – take lessons from the neoliberal state on how to selectively ignore or deregulate issues, leveraging this approach in such a way that they strengthen the social foundation and gain leeway that is difficult for future governments to claw back. This can mean ignoring squatting, deregulating street vending or making it easier for people to partake in urban gardening. You could call this a form of "disruptive municipal governance". It is not intended as a form of direct action against the central state; however, is it also not a normal form of governance. It challenges the way the state is dealing or not dealing with a particular social problem. In Barcelona, this way of thinking is still rather underdeveloped, as so much of the focus still lies on governing in the traditional sense.

What about outright disobedience by the cities? Have there been situations in which this has occurred, or do you see any potential for it?

Bue Rübner Hansen: There is a lot of talk about institutional disobedience in Barcelona. It can mean many different things, from the city council vocally supporting mobilisations against the city's migrant detention centre to quietly delaying the implementation of policies imposed by Spain's conservative government. There is a lot of work to be done on refining the tactics and strategies of disobedience, and international examples have a lot of lessons to offer in this regard. One of the most interesting of these is the North American sanctuary cities, which have existed since the 1980s and have adopted various practices to guarantee the rights of undocumented migrants. City police forces are instructed not to ask people if they have papers, which avoids them getting into a situation where they might have to hand someone over to the migration authorities. To facilitate this, New York City introduced municipal ID cards that give residents access to public libraries and other facilities and provide a way for them to identify themselves to the police without revealing information about their immigration status. In this way, the sanctuary cities take quite significant action to subvert federal policies. Trump is now attacking these cities, threatening to cut their federal funding. This has turned the issue into a constitutional question of the autonomy of local government – and it has the potential to open up a much

broader front against Trump.

So part of the municipalist strategy is to resist the policies of the central government – to oppose, subvert or actively disobey them. What can we learn from this approach in regard to the way we approach the EU?

Manuela Zechner: An important starting point is always to use the lower levels of the state as a lever against higher ones. Resistance to EU politics can be approached from this perspective, and cities and regions have a central role to play in this regard. We must learn to carve out an autonomous space in which tricks and confrontational tactics can be leveraged to implement a new kind of politics, even in the face of higher powers that oppose it. We must develop pockets of alternative ways of doing things, then expand them, link them and build strength from there. Obviously, this isn't primarily a task for institutions; it rests on social movements and mobilisation. In Spain, for example, there is a lot of cooperation between the MPs of "En Comú Podem" and municipalist platforms, which adds an additional dimension to the efforts being leveraged against the central government from within.

Rather than simply discussing whether we want to abolish or reform the EU, we must raise the issue of disobedience towards it, whether this comes from cities, regions, countries or movements. In truth, the choice has never been black and white.

Instead of getting involved in policy debates, I would suggest that the more sensible option is to forge room for manoeuvre and to establish countervailing power. If we become too entangled in abstract debates of “for” and “against”, we become victims of the illusion that it is possible to make a sovereign decision. But it is not possible to do this – not at the local level, the national or the EU one. This might be more easily apparent to people in crisis countries than to those in the rich core of the EU. Engaging in politics from the ground up means deploying clever tactics, struggling for freedom and not becoming bogged down in ideological positions and debates. This does not mean that debate is not important, but it must go hand in hand with trying out different forms of action. We need to experiment, generously and intelligently, rather than looking for the right line to say. It is better to fail and learn from it than be hamstrung by the purity of our opinions.

Based on the examples you mentioned earlier, it is apparent that a city does not need to act alone. What is the potential for cooperation between cities?

Bue Rübner Hansen: There are networks of European cities at the EU level – Eurocities, for example, which carries out lobbying based on the interests of the lowest common denominator. But this is not necessarily progressive. Where cooperation can really bear a lot of fruit is where cities share the same principles or interests – and this type of translocal connection doesn’t only have relevance for lobbying, but also as

a political project. In addition, it sends a new kind of signal – that a city like Barcelona is an international actor in its own right. The city can make a deal with the mayor of Athens and practise a kind of municipal diplomacy. This can be a jumping-off point for networks on the grassroots level.

For the left and social movements, international or European cooperation often means agreeing on a set of common demands or policy proposals. How does the municipalist approach to cooperation differ from this?

Bue Rübner Hansen: The municipalist approach is more effective at shaping opinions and creating a sense of exchange. This facilitates many opportunities. Barcelona, for example, is developing a network of cities to jointly fight the privatisation of public services and re-municipalise them. Within this network, the cities will share knowledge and experiences and facilitate the exchange of ideas amongst individuals. Such an approach also opens up the possibility of coordinating a joint legal challenge against EU regulations. It establishes connections not only between institutions, but between normal people. From the perspective of mobilising the public, one potentially useful approach could be to form an alliance between the inhabitants of two cooperating cities – Barcelona and Marseilles, for instance. In doing this, the participants break the idea that all politically relevant conflicts are played out either within nation states, between nation states, or between nation states and the

EU. This idea is toxic for the left. Intermunicipal collaboration is a way to promote a brand of internationalism that does not operate via the channels of nationalism or the nation state, but is built on translocal collaboration.

Manuela Zechner: Another example of an important alliance pursuing this strategy is the network of European cities and municipalities working together against TTIP and CETA. Both city governments and social movements have come together as part of the movement. The point is that there are ways of carrying out translocal campaigns that sever traditional party and political divides. Accommodating refugees is another such issue. When it comes to resisting deportations, communities of all political stripes are joining together to do so. The small Austrian municipalities of Alberschwende and Kumberg are two particularly inspiring examples. There, even conservative residents and city councillors have united to defend neighbours who were scheduled for deportation. Riace in Italy is a similarly interesting example of cohabitation between "old" and "new" locals, showing how migration brings life to places rather than taking things away. Towns and villages are important dimensions of change. As such, we need to find more ways of linking them to bigger cities and listening to the experiences and visions being developed there. Nowadays, if we want to fight the far right and avoid the worst depths of ecological doom, overcoming the rural-urban divide is an essential element. Municipalism also needs to move in this direction.

What other useful lessons can we take from municipalist experiences and apply to the EU debate?

Bue Rübner Hansen: We have mentioned a few examples of cities joining together to stand up to the EU, particularly around issues like privatisation or public services. In some cases, the main opponent is the central government. We saw this when Spanish cities formed a tactical alliance with the EU to oppose the central government on the issue of redistributing refugees across the Union. Equally, it is possible for municipalities and nation states to form alliances against the EU. If the EU demands certain cuts, for example, is not only up to the central government to resist them. Municipalities can also argue that the cuts will be impossible to implement locally.

At the end of the day, when we consider whether the left and social movements should focus on the municipality, the region, the nation state, the EU or the global level, is this an ideological question or a strategic one?

Manuela Zechner: This is a strategic question. We should consistently adopt a multi-level approach to as great an extent as possible. Whatever level we choose for our political work, if we want it to be radical, we must remember that everyday, local and embodied struggles have to be our roots and base. When we can no longer meaningfully connect to those, it's time to change the playing field.

Bue Rübner Hansen: The importance of the local terrain is often underestimated. People everywhere are experiencing a form of social fragmentation. Neoliberalism and its associated culture of competition and precarity are making us insecure, anxious and lonely. The sense of social solidarity that was once cultivated in trade unions is now mostly very weak. We need to reinvent ways of building solidarity and find practices that restore people's faith in each other. We must ward off the culture of anxiety and competition and engender social trust and a belief that change is possible. It's about facilitating experiences that confirm positive values, like the necessity of standing by others even if they are not friends or family. Those kinds of values will be reflected in the way people vote in national elections. Without them, many people will vote for the parties of fear and competition. Municipalism is not the only way to do this, but it can be an important tool.

What are our options in regards to the EU in general?

Bue Rübner Hansen: For long, the left has been trapped in a binary discussion about the EU: reform or abolition. My belief is that it is impossible to make the necessary reforms without some form of existential crisis within the EU, because the treaties would have to be renegotiated. As such, the prospect of reform isn't very useful to us right now. But abolishing the EU is not necessarily very desirable either, if you look at what is happening with Brexit. If you simply abolish the EU without developing another way of reconciling interests across or

beyond borders, you could end up with rising racism, trade wars and the like. As long we as remain trapped in the binary debate, we will only ever end up affirming the nation state or the EU as the “right” option. This makes it easy for us to forget the more important issue: building solidarities and power beyond these poles and across borders. If we fail to do this, there will be no meaningful options available to us for pursuing reform or a potential break.

Manuela Zechner: We need to think about municipalities as places of experimentation. They can set a precedent for solving issues in a different way and, in doing so, can challenge the entire policy framework. The city is a terrain that allows for vastly increased creativity in thinking about new possibilities. On top of this, we must be attentive and open to the peripheries of the EU, since the margins always tend to reveal the truth about the core. We must keep working to peripheralise Europe; to make the EU porous, open, impure, and to build solidarities and shared radical political spaces at different levels.

THREE LESSONS

1. Don't get bogged down with trying to solve the biggest problem. Instead, address the problems for which concrete collective action can be taken in the here and now. Don't focus merely on devising solutions, but on building the shared capacity to enforce and sustain them.

2. Our strategies always have limitations, as do the strategies of others. Think

about out how different approaches can complement each other for mutual benefit and how we can overcome our limitations together.

3. “Within, against and beyond”: the more we learn to mobilise and inspire each other across different places and forms of struggle, the more strength and power we will have. Let our differences and limitations inspire listening and care rather than judgements and divisions.

This interview was conducted by Lisa Mittendrein in 2017 and updated slightly in the course of the translation.

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OUTLOOK: TEN WAYS TO GET ON THE OFFENSIVE

Ralph Guth, Elisabeth Klatzer, Lisa Mittendrein,
Alexandra Strickner and Valentin Schwarz

We began *The European Illusion* by asking what role the European Union is playing in achieving our political goals. Our ultimate aim is clear: a good life for all. All humans living today and in the future should enjoy social, economic, cultural and political human rights. They should have a right to food, water, housing, health, political participation and equality. The rights of nature should also be guaranteed. This requires that the way in which we produce, consume and live is organised quite differently than it is today (see box).

Seven paths to a good life for all

A good life for all is only possible if the economy ceases to function according to a profit-based mentality and is democratically reorganised. Attac [Austria] does not propose one single fixed alternative model to capitalism, but seven paths of transformation to gradually overcoming it:

A financial sector oriented towards the common good: The casino is put out of business, and the financial sector is reduced to its necessary economic functions. Banks no longer work for profit, but for the benefit

of the public.

Glocalisation of the economy: Instead of global trade as an end in itself, we need an economy of short distances. Anything that can be produced locally, is. Trade is based on solidarity, not competition.

Food sovereignty: The food system no longer serves the interests of the agricultural industry, but the human right to food. Production, distribution and consumption are shaped via democratic means.


Energy democracy: Fossil energies are replaced by decentralised, renewable energy sources. Energy supply is socially just, ecologically sustainable and democratic.

Commons: Instead of privatisation, we must develop new ways of sharing common goods. These should be managed by users themselves, with the goal of equal, equitable and self-determined access.

Humane working conditions: A holistic view of work replaces the unequal distribution of pay and care work. The focus lies on fulfilling the needs of all. Livelihood security is no longer dependent on wage labour.

Comprehensive democratisation: All people have the right to shape their society and the environment in which they live. Democracy is extended to all areas of life, including work, education and housing.

Long version in the Attac Austria Declaration 2010 at www.attac.at/declaration2010



A clear picture has emerged in all policy areas: that the EU is not an ally, but stands in the way of a good life for all. This does not look set to change any time soon. The EU's present neoliberal character is enshrined in its treaties and institutions as a result of historical developments and political conflicts. Its very way of functioning shields it from changes from below. The European Commission and the European Central Bank are not required to stand for democratic elections, and any genuine change requires unanimity in the Council. As such, a fundamental reform would require left or progressive governments in all or at least the most powerful member states. This is unlikely, if not completely infeasible.

First, there are almost no points of engagements at the EU level for initiating change from below. As a powerful executive, the EU Commission is easily accessible for capital interests, but is shielded from pressure from below. The ECB mandate lays down a neoliberal monetary policy without scope for democratic intervention. Secondly, while many people believe that a change in the balance of power in individual EU states is all that is required to facilitate EU reform, this is easier said than done. The economic and social relations between groups and their interests are deeply rooted in social institutions. More favourable election results are not enough to change them. Thirdly, the EU is working to stabilise existing power relations and sometimes to actively prevent change, with Greece being a

prime example. Fourthly, individual left-wing government projects cannot wait decades for conditions to change elsewhere, but must be able to take immediate steps on their own.

At the same time, the EU is not an external enemy. We cannot solve the problem of the EU simply by exiting it. Economic interdependence, the depth of the neoliberal reforms of recent decades, the enormous concentration of wealth and economic power, and the right wing and neoliberal hegemony prevent this. It is hard to imagine that a single EU country would be better placed to implement progressive politics following a break.

So if the EU cannot be saved and an exit is not a solution, then what? The strategy section of this book compiles various approaches that can empower us to act on the basis of this outlook. Only if we develop new ways and strategies for getting on the offensive will we have a chance to inspire people and change society together. The following ten points summarise the strategies and options for action based on our debate to date.

1. We must stop idealising the EU and demonising the idea of an exit.

"I'm in favour of the EU, but ..." is a mantra for many progressives. Criticism is permitted only so long as their commitment to the EU is repeated, mantra-like, in the same

breath. The same is required of those who take a critical stance on the EU. But such pledges obstruct our view of the reality of European integration. The EU is not inherently good or progressive. The widespread obligation to avow our allegiance makes it harder to establish the necessary in-depth criticism. Instead, it benefits the neoliberal elites, who push ahead with their European project in the interests of the rich and big business.

We must not compel ourselves to blindly defend the EU if it is attacked from the right. To act in a politically effective way, we need independent analyses and positions anchored in our own set of political categories, not the elites'. If we fail to achieve this, we distance ourselves increasingly from social reality. This is because the notion of a progressive EU that improves our lives bears no relation to the everyday lives of most people.

Those who criticise the EU quickly find themselves branded as nationalist and grouped in with the right. However, not every criticism of the EU and its rules is nationalistic. The same applies for references to political action in the nation state. Even if we do not consider an Austrian exit to be a sensible demand at present, the debate about it can open up progressive leeway elsewhere. The euro is not without its alternatives, and there is a lively scientific debate on alternative forms of monetary cooperation. Let's conduct an open debate on the EU and the euro and overcome the stigmatisation of any and all criticism as

“anti-European”.

2. We must not unintentionally legitimise the EU with our words and actions.

“The EU must do this; the EU should do that.” For many progressive organisations, such demands are part of their everyday work – but they might be doing more harm than good. The idea of a genuinely progressive EU social policy, for example, is completely unrealistic. By ignoring this fact and asking the EU Commission to implement it anyway, we will achieve nothing but to legitimise the EU’s functioning as an undemocratic institution. At the same time, we will promote its approach of subordinating social issues to competitiveness and mask the fact that its policies seek to reduce social rights. This does not mean that we should never address political demands to the EU level, but we should consider carefully when we do this and why.

If we demand things from EU institutions in the context of a strong campaign, we apply pressure to both the EU and national governments. If a movement is strong enough, it can succeed in enforcing concessions. Sometimes, progressive windows open up in the EU’s neoliberal fabric in which our demands are actually enforceable. Unfortunately, this is rarely the case. Even unrealistic demands to EU institutions can, in certain cases, make strategic sense – if only for the purpose of making visible that the EU is acting against the interests of the

broader population.

In certain cases, we can try to go further and actively delegitimise EU policies. In 2016, Médecins Sans Frontières (MSF) decided to stop accepting funds from the EU and its member states on grounds of its abhorrent EU refugee policy. In doing so, they sent a strong message that their humanitarian mission is incompatible with EU refugee policy.

3. We should learn to differentiate and include the views of other countries and social groups.

Far too often, politicians, journalists and scholars make generalisations based on their individual views of the EU. However, the way in which we experience the EU depends very much on our social background and living conditions. Do we have the language skills, financial resources and contacts to enjoy freedom of travel, or are we restricted by money worries or duties of care? Do we study at university and have wealthy parents who can allow us to spend an Erasmus semester abroad, or are we threatened by unemployment and wage dumping? A lucky minority of us are able to take advantage of the positive aspects of the EU, but this does not apply to the majority. Only by recognising this can we go on to develop meaningful EU strategies.

The EU debates conducted by social movements are also shaped by the country in which they take place. Austria's major companies are benefitting from the single market and the EU's

eastward expansion, while EU criticism comes primarily from right-wing forces. Both are shaping the progressive EU debate. In Southern Europe, the consequences of the euro and austerity policies have proven disastrous for the majority of people. Strong social movements are making the conflicts visible on the streets. Because of these conditions, the debate of a euro exit in Greece - where an exit represents a potential alternative to austerity policy - is completely different than in Austria. For Portugal, too, which has a strong left but has been downgraded to a low-wage country within the eurozone, an exit might be an option and opportunity.

Whatever way we look at the EU, we must recognise that people who share our political goals are living under different economic and political conditions - and might come to different conclusions because of this.

4. We must be pragmatic about the political level at which we address our demands.

Many of the problems of our time are global, which means that progressive forces are seeking international solutions. Only a solidarity-oriented European refugee policy will ensure that people are able to find the protection and security they need. International agreements will be required to regulate financial markets effectively, and climate change can only be tackled if we fight it together. Currently, none of this is happening to an adequate degree or even at all. Simply waiting for European or

global solutions will not bring us closer to our goals. Instead, it will render us incapable of action and blind us to the fact that political change can begin elsewhere.

It's time to stop aiming for the level that is theoretically optimal or prescribed to us by the other side. Instead, we must focus on the level where we are best placed to actually achieve something. In the fight against TTIP and CETA, our aim was not to convert the EU Commission to our stance, but to mobilise communities to put pressure on national governments. Long before a global UN climate treaty existed, numerous municipalities had begun pursuing a policy of energy transition. In France, a new law is allowing corporations to be brought to justice for human rights violations, even those committed abroad. It would seem only natural to demand the codification of such a regulation at EU level. But if the movements in France had waited for this to happen, the law would probably never have come about, or would only exist in a much weaker form.

Too often, politicians point to the need for a solution at EU level to absolve themselves of responsibility. But the EU level is not always automatically the best place to start. We can and should push for political change on other levels.

5. We must urge governments and politicians to break with neoliberal rules.

Neoliberal policies are so deeply rooted in the EU's treaties and structures that the implementation of alternative economic

policies has become almost impossible. We must stop thinking of this set of rules as an immovable object. Investments in social infrastructure, for example, are only possible if we disregard the EU's budget rules. In order to place energy supply under democratic control, we must override the EU obligation to liberalise. And we can only promote cooperative and ecological economies by defying EU competition law.

This strategic disobedience against EU rules opens up new perspectives not only for leftist governments at all levels, but also for social movements. We must stop letting politicians justify their inaction with the pretext of constraints from above. The reality is that we can stay in the EU without subjecting ourselves to all of these problematic rules. If we break them successfully, we will create new political scope for manoeuvre and simultaneously weaken the rules' enforceability. The concept of strategic disobedience empowers us to do more than simply run abstract campaigns against competition law or the Fiscal Compact. Instead, it opens up conflicts about actual policy change – which can only be enforced in opposition to EU regulations. As such, strategic disobedience enables the politicisation of the neoliberal foundations of the EU. If EU law makes social, sustainable and democratic politics impossible, or worsens living conditions, then an elected government has a duty to disregard these rules. And we have a right to demand that they do so.

6. Countries are not the only political actors. Cities, municipalities and regions all have the power to effect change. We must work with them.

If it is not possible to achieve what we want at the EU level, does this leave the nation state as our only option? Not at all. Cities, municipalities and regions also function as political arenas in which certain demands can be enforced.

The forerunners of this idea are the movements in Spanish cities (Barcelona, Madrid and others) that use the city as a jumping-off point for a different sort of politics. Anchored around the principal of “el municipio” – the municipality – they refer to themselves as “municipalist”. They anchor their politics in everyday life and the living conditions of the people, and attempt to develop grassroots solutions for social problems. After 2015, instead of waiting for the then conservative Spanish government to take in refugees, Barcelona made efforts to do so independently. In this way, the city became a lever in the fight against the policies of the central government and potentially also those of the EU.

In the future, cities and municipalities will be well-placed to play a central role in the fight against privatisation and liberalisation. The local level is where the consequences of the EU’s forced liberalisation are most noticeable – and is often the easiest place to implement alternatives. Cities can serve as places of experimentation, for political measures as well as for new forms

of democracy.

Municipalities also play a central role in the fight against EU trade policy. Across the EU, TTIP-free zones are networking and building political pressure. Small municipalities are playing a trailblazing role in the fight for refugee rights and against deportations. Cities, municipalities and regions can and should experiment with new forms of international cooperation, which should never be the sole preserve of nation states.

7. We must reimagine international cooperation and reclaim the concept of internationalism.

Global solidarity and international cooperation are fundamental values of the alter-globalisation movement. The EU has claimed these values for its own, even though the only form of internationalism it practises is an internationalism of capital. But we must not be deterred: we can be internationalist without glorifying the EU. Instead, we must work on new models of international cooperation that go outside and beyond the EU framework. Let's learn from the experiences of other world regions, such as ALBA in Latin America. Instead of unrestricted trade, which often means the opposite of solidarity-oriented cooperation, ALBA focuses on the principle of complementarity. In Europe, countries or regions could build common public enterprises to combine their respective strengths.

Barcelona is currently working to build a network of municipalities against privatisation. Such forms of cooperation

show that “international” does not have to mean “intergovernmental”. Rebel cities, for example, can jointly test new forms of urban citizenship that give people political and social rights regardless of their residence status.

We should also discard the assumption that cooperation must always begin in Europe. Many contributors to this book question the very “idea of Europe”, and rightly so. We should think of cross-border cooperation not primarily in European terms, but political ones. Does a group of states, regions or cities pursue similar goals, and would cooperation be meaningful? If the answer to this question is yes, we should try to make it happen – even if these places lie outside the geographical and cultural construct of “Europe”.

8. We must not focus on abstract ideas, but on changing the balance of power.

We need alternatives to the prevailing politics. Often, organisations and movements develop elaborate models of how EU policies could be organised differently in particular policy areas. But good proposals will not force the elites to listen. Moreover, such elaborate concepts will not help us win people over as fellow combatants. Visions and proposals are necessary, but must always be linked to concrete political conflicts. Presenting concepts for an alternative banking system is particularly effective during periods when real-life banks are being bailed out. The same applies to political values. When

invoked in an abstract sense, ideas such as democracy or solidarity have almost no mobilising power. Only when we connect them to specific struggles, such as those against TTIP and CETA, can we prompt people to take action. In a similar fashion, the idea of global solidarity becomes tangible when we fight seed patents alongside farmers and agricultural workers from the Global South.

Political change is not implemented by “being right”, but by organising as many of ourselves together as possible. Alternative proposals are important, but they aren’t enough on their own. We need to pursue the right conflicts, ones that will help us to gradually carve out new scope for action. We need to build alternatives from below and make the vision of another society tangible. We need to develop forms of political action that include as many people as possible. Finally, we must stop focusing our attention on the biggest questions and the highest political level. Instead, we must take action in the places where we can develop and establish real-life solutions.

9. Let us choose conflicts that increase our scope of manoeuvre and which enable us to build new alliances.

As social movements, we fight important defensive battles to prevent further changes for the worse. But we cannot effectively fight all attacks on our social rights and our livelihoods. We have to choose the conflicts to focus on; those we can win. These

choices should be informed both by our political goals and by the following three key strategic criteria.

Firstly, we should pursue the conflicts that most disrupt the central political projects of the ruling elites. TTIP and CETA are the beginning of a new EU trade agenda. If we prevent them, we will bring down the entire plan and thus a long-term global neoliberal project. Secondly, we must choose the political conflicts that will grant us new leeway for manoeuvre. If movements fight against the privatisation of water or energy in their city, they open up space for a fundamental discussion on the democratic control of public services. Thirdly, we should choose the issues and struggles that enable us to form new and/or the broadest alliances possible. Migrants and groups affected by racism pay the highest price for neoliberal cuts and authoritarian policies. Women experience multiple forms of exploitation, and feminist movements are important actors in the fight for a good life for all. These are just some of the many groups who are routinely excluded from political processes. It is with them, especially, that we should fight shoulder-to-shoulder.

10. We must build alternatives from below.

The ruling elites have no interest in a radical transformation of the EU, economy and society. Furthermore, a majority of people today find it hard to envision alternatives to capitalism. Key words and phrases such as “social-ecological transformation” or “socialism” are too general and abstract to inspire people. But

we must not overlook the fact that tangible economic alternatives already exist. Community-supported agriculture, food cooperatives, collective farming, solidarity clinics and the open source movement are circumventing the logic of the market and profit-making. Together, they are developing real answers to the needs of workers, consumers or users of public services. They are enabling people to work on specific political projects that go beyond regular campaigning or political educational. As models of alternative economies, they are making another world imaginable.

Spain's anti-eviction movement PAH is empowering people in the fight for their homes. It educates on and defends the right to housing, physically prevents evictions when necessary, and occupies empty houses so that evicted families can live there. In doing so, the PAH makes tangible the universal right to housing. In Greece, too, a huge network of solidarity initiatives is offering concrete alternatives to European austerity. Initiatives such as solidarity clinics and food cooperatives not only alleviate immediate hardship, but often have an explicit political claim: they oppose destructive austerity policies and advocate for political alternatives, for example in the health and food system. This shows that grassroots alternatives not only point the way to another world, but are a concrete means in the fight against neoliberal EU policy and its underlying ideology.

The aim of this book is to shatter the European illusion and

reveal it for what it is: a neoliberal project at its core. Once the spell has been broken, many new paths will open up for those working for a good life for all. We hope that this book will inspire and motivate you, dear readers, to get involved!

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