

# **“Navigating the Left strategies vis-à-vis Europe in times of multiple crises”**

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organized by transform!, the Rosa Luxemburg Foundation and the Society for  
European dialogue (Czech Republic)**

## **“A Europe of different speeds: Concepts of regional cooperation”**

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## **Main theoretical and political working assumptions:**

**>We argue that the fall of the European nation-state within the European integration political project with huge differences in prosperity under the hegemony of neoliberalism and globalisation threatens the very foundations of the political economy of state as regards state's ability to regulate economic and monetary activity, provide public goods and secure a welfare system. Especially after 14 years of trade negotiations, the failure of the Doha round (2016) and the Trump's presidency could be considered important elements of a new era and the destruction of vital productive forces due to increased and extreme national competitive protectionism by the strong economies will have serious political implications.**

**> With respect to multifaceted EU economic/ financial crises (as a matter of fact the EU integration as a legitimization crisis upon an economic/financial crisis) and the recovery weakness traced back to the problem of the European political lack of understanding of the significance of the Laeken Declaration (2001) *“on the important thing to clarify, simplify and adjust the division of competence between the Union and the Member States in the light of the new challenges facing the Union”*. In this context, the asymmetry of political economy functions of the European nation-state within an unadjusted division of competences between the Union and the M-S enables the ultimate shift of the crises from the European Institutions to the national socioeconomic context, and from the private sector (including the European banking system) to the public sector.**

- > **Thus, national interests become more fragmented and subject to influence from intergovernmentalism, a method imposed on the European M-S by the Germanic imperium. Furthermore, the historical transformation from a Community of States into a Union didn't carry out a thorough consideration of the specific regional and local endogenous factors in determining economic development and social cohesion.**

>The transition to the new (post-crisis) supranational landscape in the EU, even if not so called, promotes the open market economy by assigning critical social and economic issues to a model of a legal system (the implementation of economic governance and the European Fiscal Compact) where economic structures of the European integration are getting an autonomous role on the functioning of the economic and monetary system. The assignment of state sovereignty to the economic “nationalism” of the core European state-members and the functioning of such a model cancels out the benefits of the participation into a social and economic union and deepens the divisions between M-S and the **vulnerability of the EU's 'south'**.

> **We propose changes in EU policies and institutional structures to a great extent that should be designed through a public and open evaluation with regard to a**

*“series of questions that needs to be put concerns how the division of competence can be made more transparent. Can we thus make **a clearer distinction between three types of competence: the exclusive competence of the Union, the competence of the Member States and the shared competence of the Union and the Member States?** At what level is competence exercised in the most efficient way? How is the principle of subsidiarity to be applied here? And should we not make it clear that any powers not assigned by the Treaties to the Union fall within the exclusive sphere of competence of the Member States? And what would be the consequences of this?”* (Laeken Declaration of 15 December 2001 on the future of the European Union)

- > **There is a need to be very explicit on what kind of crisis European societies and economies are experiencing today. Neoliberalism and global free market brought an unprecedented production volume (e.g 4,9% worldwide increase in volume of capital and goods in 2014 in comparison to 2,9% in 2013).**
- **Can we agree that today's multifaceted crisis is a crisis of over-production and over-accumulation of capital in the new 'digital' era with serious economic/financial and social aspects - even including demographic and migration crisis?**
  - **Are we interested in understanding how we move on from here?**
  - **Do we accept this political interpretation of the crisis ? (This discussion should be developed at both national and European level before we go into the debate about the new institutional superstructures in the euro zone system).**

**> The European Left seems to be still unduly influenced by 20<sup>th</sup> century post-war progressive socioeconomic growth paradigm/ This narrative has declined under the new economic and technological ground of geopolitics and the dynamic of the production function.**

**In the new 21<sup>st</sup> century there is a shift in the power of the inextricably linkage between Left and the political and social forces which fight for democracy and social rights in the advanced capitalist development model. Under the new technological 'digital' paradigm the transformation from the analogue world to the digital is not just a technological leap. Instead, the integration of the social and production pillars of the industrialized and so-called knowledge-based economies are dismantled towards a new articulation where economic stagnation of the weak 'south' along with social exclusion, or social marginalization of the traditional workforces will characterize the very next period of time - as neoliberalism is identical to economic gap and the sharpness of diversification between economies and classes. Due to the decisive nature of the combination of technological developments and neoliberalism (public expenditures are squeezed out, weak public infrastructures, public goods for sale, banking system's stranglehold on political/state and economic power, etc) any attempt towards institutional restructuring should be granted within the historical context of EU and not as a follow-up of the present conditions.**

The social fabric disintegration within a hard mercantilism from the 'north' has inevitably affected primarily the 'south' of the European project, that is the low production economies in the periphery with strong contradictory endogenous socio-economic growth characteristics. The dangerous political dimension of the 'North' and 'South' economic differences can have serious consequences within the states themselves, shaping geographical segments of rich 'north' and poor 'south' regions.

>The fact that the political debate today has taken place under the conditions of a historical and social 'laboratory' - since the dynamic of social movements is absent within an “institutionalized” dialogue - removes the very basis of the Leftists political axiom, which is the narrative for the human emancipation stemming from the class struggle in overcoming of capitalist society and its injustices.

> Inevitably, neoliberalism and the storm of progress - Walter Benjamin's Angel of History ('Angelus Novus') as a vision of despair is still present in our era - have occupied the European political scene and thereby disclosing the ideologically and politically disarmed Left. **It is the Left which without the vital political ground, that is the critical left-wing radicalism of social movements, eats from the scope of political tacticism, as the case of the European 'South' alliance.**

> **European 'south', provided as an alliance on the basis of shared characteristics such as social objectives has a contradictory political content and therefore, it cannot contribute to solidarity which favors fair solutions through the European model since it encompasses two critically different types of countries. To sum up briefly, strategic directions are exercised within the post-colonialism of new geopolitics in the framework of EU and outside of it by France, Italy, Spain on the one part, and countries which have been forced to build their new 'competitive advantage' on a hard neoliberal capitalism, on the other part as the case of Greece, a policy which is responsible for worsening social and regional inequalities.**

*[ More on France and colonialism today is of great political interest and very well hidden as well.*

*“ The best way to preserve the health of the French economy is to keep the FCFA as the only currency usable in the former French colonies in Africa” (Sarkozi, 2017)*

*“What is the CFA Franc and CEMAC?”*

*“ The CFA franc is the name of two currencies common to several African countries, partly comprising the Central African franc zone (CEMAC) and the franc zone of West Africa ( UEMOA).*

*How does the CFA Franc work?*

*Principle 4 is the most technical.*

*First, it should be noted that the Banque de France opens an account for each central bank (one for the BCEAO and one for the BEAC) and an account for each of the member states of the zones. This is how it works: when a country in the CFA zone exports to a country other than France, it collects currencies that feed the Central Bank concerned. And this Central Bank has an obligation to transfer at least 50% of its foreign exchange earnings to its account opened at the Banque de France. So far, it is the Banque de France that manages 50% of the currencies of franc zone countries. <https://off-guardian.org/2017/05/25/nicolas-sarkozy-no-way-to-let-the-french-colonies-of-africa-have-their-own-currencies/>”*

**-Within this policy context who really believes that France is a guarantee of democratic legitimacy in the eurozone?**

*Europe is not the creation of the Treaty of Rome.*

*Nor is the European idea the property of any group or institution.*

1988, Sep 20  
Margaret Thatcher  
Speech to the College of Europe ("The Bruges Speech")

<https://www.margaretthatcher.org/document/107332>

*“At the end of the search, Proust shows how the Dreyfus case, later the war, but above all Time itself, had profoundly altered society”*

DELEUZE GILLES

PROUST ET LES SIGNES

*- "The solution in history resembles the cleansing of the tragedy" ( N. Svoronos)*

and indeed, in the European integration history the *Treaty of Rome* is not the beginning.

It was Great Britain which determined the coalition structure within the European context, striving to achieve a world role for more than two centuries. By taking into account the internal historical objective of the '*cleasing of the tragedy*' after the peripheral conflicts and world wars caused by the German political forces the transformation into European state partnerships incorporates a mass of political and cultural incentives.

*“Franco-British relations over the two centuries since Waterloo could be seen as a transformation from enmity to alliance, and finally to partnership. But it has not been a smooth or continuous transformation. (...) Today they are the only European states that maintain ambitions for a world role. Conceivably, both might prefer other partners. **But in the real world of the 2010s they have only each other.**”* (quoting Professor Robert Tombs, French Ambassador to the United Kingdom “The Anglo-French partnership for peace and security”, 2012).

**> And it is now Brexit which will define the EU integration perspective and future coalition structures (a perspective which is underestimated in the discussion about 'multi-speed Europe').**

## A multi – speed Europe

Leaders of the EU's four largest economies threw their weight behind a **multi-speed Europe on Monday (6 March) as the European Union prepares for life after Brexit**, with rising populism, and an uncertain US strategy over Europe.

The leaders of **France, Germany, Italy and Spain met in the palace of Versailles to prepare for a 25 March EU summit in Rome**, marking the 60th anniversary of the Treaty of Rome, which gave way for European integration.

## > Multi -speed Europe means different stages of integration

As shown in the graph below indicating differences among Member States in the **average summary of the integration index in 2015** (base year 1995), where **Greece is the lowest scoring country**.

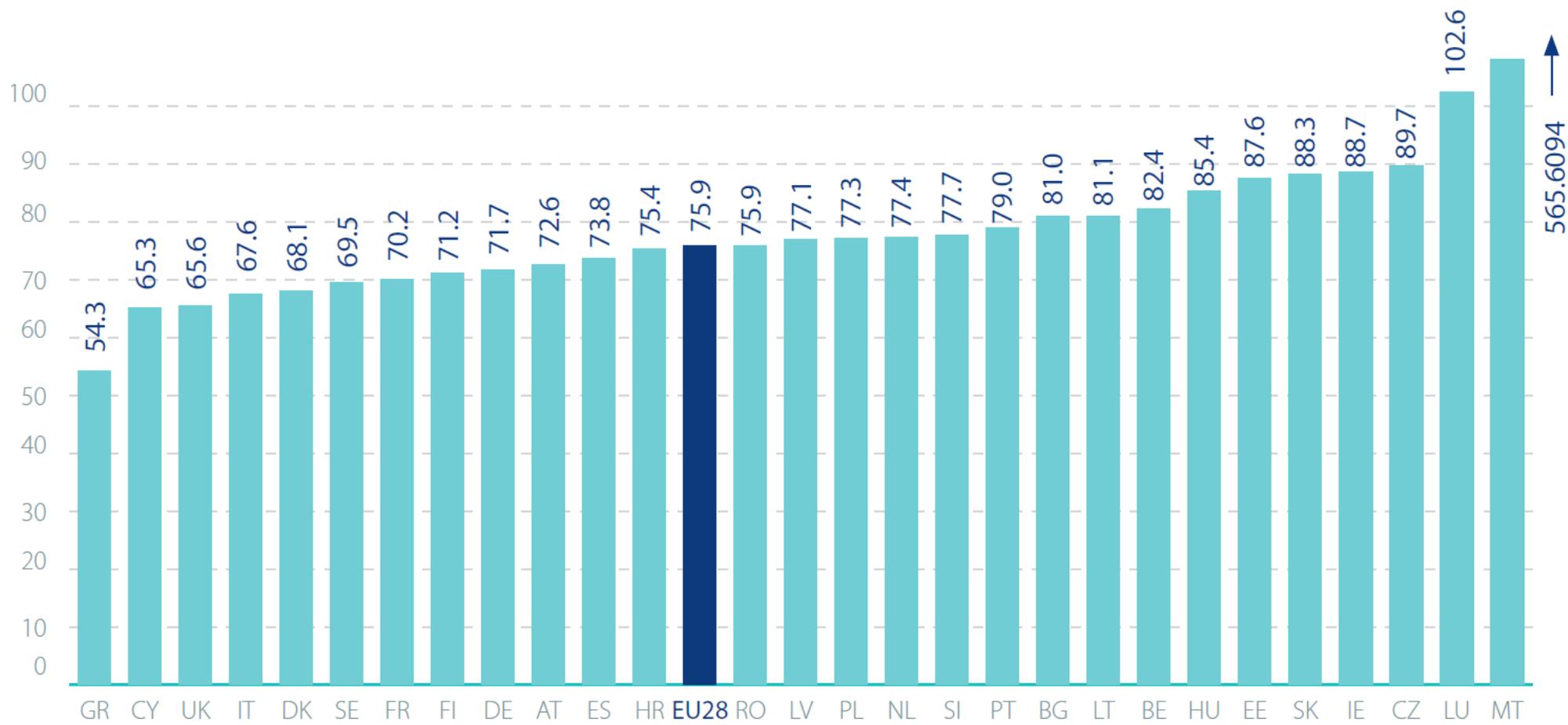
The case of Malta and Luxembourg, as the highest scoring countries on the integration index '*due specifically to their very high scores on the indicator of capital movement [...]*', which are actually 'so **different** from the integration shown by other Member States' [...]

([http://www.amchameu.eu/single\\_market\\_study/index.html#summary-indicator](http://www.amchameu.eu/single_market_study/index.html#summary-indicator))

Although,  
the **Single Market**  
“[ it ]has been a valuable shield for the European Union to weather the financial and economic crisis” was not competent enough to restrain the crisis”, the following dramatic description by the European Commission reflects the situation as it existed in 2010.

**The scenario “Those who want more do more,”**  
is another way of saying  
that the EU will be multi-speed

**> We argue that EU is a multi-speed in so far as the principle “Nothing but the single market” has affected integration**  
**Now EU will have to deal first and foremost with its serious internal conflicting hybrid model of central monetary policy (ECB), decentralized fiscal policies by member states (whereas their implementation is strictly supervised by the German policy) and trade-off between economic efficiency, price stability and social policy.**



Source: London Economics based on Eurostat and European Commission.

# Multi-speed Europe and politics within the Treaties and their amendment

--YES they can change the Treaties as they want to--

Article 48

(ex Article 48 TEU)

**1. The Treaties may be amended in accordance with an ordinary revision procedure.** They may also be amended in accordance with simplified revision procedures.

## **Ordinary revision procedure**

**The Government of any Member State, the European Parliament or the Commission may submit to the Council proposals for the amendment of the Treaties.**

**These proposals may, inter alia, serve either to increase or to reduce the competences conferred on the Union in the Treaties.** These proposals shall be submitted to the European Council by the Council and the national Parliaments shall be notified.

The ESM was born

**-implementing the strict conditionality and the financial assistance as the core idea of the eurozone countries / ESM addresses the weaknesses in the EMU architecture of article 125 (the no bail out clause) - ECB can lend central national banks but not governments-  
-the solution to public debt and fiscal deficit was to add more public debt from ESM (replacing EFSF and bilateral lending schemes)**

**At the 16/17 December 2010 European Council**

**-a political decision was taken to amend the Treaties through the simplified revision procedure of article 48(6) TFEU.**

**On March 25, 2011 the European Council adopted the legal decision to amend article 136 TFEU by adding a new third paragraph:**

*“The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality.”*

The process of approval of this decision by the member states in accordance with their respective constitutional requirements as prescribed by **article 48(6) has been completed and the amendment has entered into force on 1 May 2013.**

## Political difficulties? (2/3 majority is enough?)

e.g Austria

### What political/legal difficulties did Austria encounter in the negotiation of the amendment of article 136 TFEU?

Overall, the main position of the government was favoring the introduction of Art. 136 (3) TFEU (and the ESM) ....

*From the opposition parties, the Greens were siding with the government whereas the far-right parties FPÖ and BZÖ were strongly opposing it.[...]The fact that the Greens were siding with the government was essential because a 2/3 majority was necessary and could not be reached only by the governing parties.*

<http://eurocrisislaw.eui.eu/topic/tfeu/>

>We argue that the clash on the substance of the amendment from the far right-wing parties has not been overcome. The discussion about the ESM and its future operation has taken a central point and the past disagreements will shape future conflicts in EU. It is because of the denial issued by member states to discuss the constitutional and operational matters of the European integration and the financial instruments. The 'north' gains a lot from the polymorphic unity of the EU and the *a la carte* interpretation of Treaties.

Thinking back to how EU political leadership was responded at the time of the Greek crisis, we cannot exclude the fact that the agreement on the Greek Memorandum of Understanding on Specific Economic Policy Conditionality (MoU) is provided as a means of serving the fundamental objectives of the EU integration project, and the monetary stability as well as those common interests that Treaties secure in the framework of the unification of Europe.

**>Today, after seven years of economic and political crisis this approach should be discussed again as partly true.**

The failures of the first agreements on a transnational customs union between Italy and France in 1949 and the very early recognition that there can not be a successful outcome of a regional union of the two countries with the Benelux countries constitutes the historical parameter which suggest that European integration is primarily a political affair and not an economic one.

To that extent, the proposal by the

# **EUROGROWTH INITIATIVE TASK FORCE**

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CHAIRS

José Manuel Barroso

Former European Commission President

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Former Deputy Secretary of the US Treasury

And the study entitled:

# **THE EURO'S DIFFICULT FUTURE**

Competitiveness Imbalances  
and the Eurozone's North-South Divide

**Among other things they recommend :**

**Recommendation 7:** Due to the lack of political determination and popular consensus necessary to tackle the structural features constraining long-term growth in large areas of the eurozone, the centrifugal forces that push in some countries for a withdrawal from the euro may become unstoppable. This may soon be the case for Greece, whose return to robust growth is complicated by its weak production base and huge external debt. Under these circumstances, policy makers should be prepared to manage the possible departure of one or more countries from the eurozone in an orderly and non-traumatic way.

We take the chance of this approach to say that:

---**Debt mutualization** for the heavily indebted (private and public debt) poor 'South' cannot be considered as a solution by the rich 'North', and in addition, because European leaders cannot afford politically to deal with possible departure of these countries from the eurozone---

>**We argue that this is not the core thesis of this study. The importance of this work from the American political point of view indicates the timeless effort to impose the politics of a eurozone which will be constructed by a strong member- states club**

In fact, there was always a critical diversification between 'north' and 'south', 'core' and 'periphery' – the answer by the leading political elites is always more fiscal discipline and closer integration

We propose the economic and monetary unification to be taken as a hypothesis of real economy and the policy intervention by European institutions as critical driver of how the European project is perceived and legitimized. To put this in perspective, we need to draft the Social Treaty to provide the European Union with a legal basis for implementing measures (not only social rights) on the real economy in the EU and regaining part of the political economy of member-states. Such a political decision can invent a new narrative for the European historical and social space within the conditions and the experience of our times. In this way, we can get back to the democratic forces those citizens who moved to right and extreme right political movements due to social deadlock under the promotion of a political practice which presented the present and the future as one way-path to neoliberal policies. We can put the social factor as the prerequisite to alter the consistent features of the latest financial crisis and the prolonged social exposure to the negative impact of the macroeconomic solutions within the given European economic governance model.

*“Deflationary risks are very distant now. Realistically speaking, the overheating fear is more imminent in countries with nearly full employment or full employment, like in Germany. We see how labour costs are starting to rise a bit faster in Germany. **But overall, we are in a well-balanced situation, where both the risks of deflation and overheating are somewhat remote. That is the basis for some reconsideration. For the next crisis, which with no doubt will occur, it is a good moment to look at how we manage the challenge where the monetary policy does not become again basically the only macroeconomic policy”***

(The Danish economist Niels Thygesen, chairman of the European Fiscal Board, (EFB), June 2017)

**and a recent study remark that:**

*“[...]the options for a central fiscal capacity outlined in the 2017 Commission's Reflection Paper on deepening the EMU — **an investment protection scheme and an unemployment reinsurance fund**” for “**some future shocks to the European economies will** — as over the past decade, though hopefully less violently — prove to be too large to be dealt with by joint monetary accommodation and national fiscal policies, even if these are better designed” (EFB, Nov., 2017)*

**is a little step in the direction of a Social Europe.**

**Last but not least, Common Security and Defence policy and Fund will revise and alter the economic and political balance within Europe more than any other policy has succeeded until today. At the present stage, the European Left should address this issue to its social and political allied forces urgently.**

