

A LOCKEAN EUROPE?

AS 2005 DREW to an end, the suburbs of cities and towns across France were lit by the fires of a violent social revolt. The rioting and burning in the *banlieues* that began in the last days of October in Paris prompted President Chirac in a TV appearance on 14 November to address the young of the 'difficult quarters' as 'daughters and sons of the Republic' and to denounce the 'poison of discrimination'—though curfews and emergency measures spoke a different language. The Right in power after all has only a limited repertoire. Initially it seemed as if the neoliberal Minister of the Interior and presidential hopeful Nicolas Sarkozy would be paying a political price for his mail-fisted 'zero tolerance' policies and insulting abuse of the 'rabble'; with his rival for the French presidency, the Gaullist Prime Minister Dominique de Villepin, the beneficiary. Instead a right-wing backlash has developed, putting Sarkozy in a race with the neo-fascist Front National of Jean-Marie Le Pen (quoted on hastily put up FN posters as having predicted all this long ago) to cash in on the Great Fear that has taken hold of large sections of the French population. Including, one would assume, those millions excited over the opportunity to acquire shares in EDF, the French electricity utility, the privatization of which coincided with the rioting.

The plight of the second- or third-generation youth of immigrant descent in France need not be spelled out here. It has been pictured in a range of hard-hitting films—Mathieu Kassovitz's *La Haine* appeared as early as 1995—and discussed in endless reports. Vast sums have been poured into programmes meant to ameliorate the worst conditions. Indeed popular campaigns against racism, church and media support of the illegal *sans-papiers*, and the multi-racial cast of national sports teams have often been viewed as evidence of French society's capacity to bounce back from apparent disintegration. Even the government's decision to outlaw

the wearing of headscarves by Muslim schoolgirls was seen by many as a sign of the state's self-confidence in asserting control.

Yet privatizations and cutbacks, in France as elsewhere, have been working to redistribute services, income and power from the poor to the rich, and swell the ranks of an underclass with nothing to lose. Against a backdrop of Western aggression targeted on the Islamic world, the youngsters of the suburbs with Arab or African family names and deficient education know that they are unlikely *ever* to have a job in the new world of 'reforms'. The ill-conceived headscarf decision only added insult to injury; what is the point of enforcing 'republican' political equality on those suffering most from growing economic *inequality*? Impoverishment has now reached the point where many hundreds of stragglers are camping along the route to Charles de Gaulle airport, breathing in the traffic fumes as they huddle under plastic sheeting or cardboard on the narrow strip against the roadside fence that is their lodging. Meanwhile the privatization of EDF, nationalized after the liberation from Nazi occupation and one of the last remaining bastions of the communist CGT trade union, is breaking all records. Almost 5 million wealthy French hurried to get a piece of the action at 32 Euros a share, paying in around 7 billion Euros altogether.¹ It took the death of two boys in the power sub-station where they had fled (on the run from police chasing them on suspicion of a petty crime) to short-circuit the increasingly disconnected worlds of the rich and the poor and ignite the violence that then tore through suburban France.

From France to Europe

Zero tolerance, the policy adopted by Sarkozy, in combination with zero interest in how the poor are coping, has proven to be explosive. What sets apart the French situation from that in the neighbouring countries is not only, however, the violence of the current explosion. There has been a steady tide of broadening popular protest against neoliberalism for at least a decade, from the mass strikes during the winter of discontent of 1995–96 that brought down the Juppé government, and the formation of ATTAC as a network of citizens' groups in 1998, to the recent bitter

¹ On 18 November it was officially announced that 4.85 million French citizens had bought EDF shares, comfortably surpassing the 3.1 million beneficiaries of the privatization of Gaz de France the previous July and the 3.8 million of France Télécom in 1997: *Le Monde*, 19 November 2005.

struggles against the privatization of the ferry company serving Corsica, and a strike to preserve the railways as a state company. But if the problems facing French society are in many respects unique, not least in the political instinct and militancy of so many of the responses to them, in others they are also to a considerable extent specifically *European*. It is these that I will address below.

For what is at stake in the current French disorder is, fundamentally, the difficulty of applying neoliberal ‘market’ disciplines to continental European societies that have historically developed under state auspices, in many respects *against* liberalism (although reliant on capitalist property relations and forms of exploitation)—while, at the same time, collective ability to express discontent has been hobbled by the restrictions imposed on parliamentary democracy in the neoliberal restructuring that began in the later 1970s. The European Union’s hurry to enact ‘market reforms’ in the aftermath of the collapse of the Soviet bloc only exacerbated long-standing contradictions between liberalization and the tradition of state intervention in several European countries, most acutely in France. The Maastricht Treaty of 1991 is the landmark here. In France, the Economic and Monetary Union negotiated at Maastricht was ratified only narrowly, and it is worth recalling that at the time, the Green politician and author Alain Lipietz warned that in the absence of any real popular mandate, the socially destructive implications of the Maastricht agreement could ignite civil war within a few decades.²

Regional integration is a structural feature of the transnationalization of capital, which requires the pooling and coordination of state functions. But in the conditions of post-1945 Western Europe, it took shape in a constellation in which the strongest state on the continent lay prostrate between the English-speaking West and the new challenger to its hegemony, the Soviet Union and its bloc in the East. Hence European integration retains elements of class and geopolitical compromise in its institutional make-up that are absent elsewhere; arrangements to which France, uneasily perched between larger political formations, has been the first adherent in most cases. With the full restoration of German sovereignty and reunification, and the collapse of the USSR, one would therefore expect the specific integration process that produced Europe’s quasi-state structures to have run its course, although the general logic

² Cited in *Le Monde diplomatique*, August 1992, p. 30.

of states joining up to accommodate and facilitate capitalist transnationalization would remain in place. European ‘institution-building’, however, the pattern which sets the EU apart from NAFTA, ASEAN or Mercosur, ought from these premises to be losing its momentum, or possibly even unravelling.

Liberalism’s anglophone heartland

The conflation of historical geopolitics and global political economy that underlies European integration requires a mode of analysis appropriate to its object. But the respective academic disciplines are not well equipped for this task. International relations theory, in particular, has long been handicapped by what appears to be a double misreading of history. First, there is the ‘myth of 1648’, the idea of a foundational moment in modern world politics (the Westphalian treaties terminating the wars of religion), which created a system of territorially sovereign states. But as Benno Teschke has argued, ‘there was no “structural rupture” that divided pre-modern from modern international relations. Rather, international relations from 1688 to the First World War and beyond were about the geopolitically mediated and contested negotiation of the modernization pressures that emanated from capitalist Britain’.³ Secondly, however, and even more fundamentally, there has been a misreading of the *spatial* aspects of the onset of modernity. For in this otherwise accurate proposition ‘Britain’ actually stands for an English-speaking, transnational sphere carved out by overseas settlement and maritime supremacy—what might be called a ‘Lockean heartland’, after the author of the *Two Treatises of Government*.

Even if we abstract from pre-modern ‘foreign’ relations (say, between different tribes, or between imperial civilizations, claiming universal sovereignty, and the nomads on their frontiers), the central axis of geopolitics at the outset of the modern age was between national entities not necessarily identical with separate territorial states. England, embroiled in its own civil war at the time, did not sign up to the Westphalian treaties; it looked west instead, to the other side of the Atlantic. Only in light of this transatlantic constellation can we allow ‘1648’ back in as a defining event. Indeed the English-speaking West, initially composed of the British Isles and New England, forced the ruling classes on the European

³ Benno Teschke, *The Myth of 1648: Class, Geopolitics and the Making of Modern International Relations*, London 2003, p. 250.

continent and beyond that were best able to negotiate the ‘modernization pressures’ emanating from the Anglophone zone to rely on state sovereignty as the linchpin of their efforts to catch up with it.

The Lockean heartland did not develop as a capitalist bloc. Primarily it was an extended self-regulating society, English in language and possessed of the ingrained attitudes towards authority and law that the North American settlers took from the British Isles along with Puritanism. The Glorious Revolution consecrating the subordination of the state to ‘civil’ society (this earns it the ‘Lockean’ epithet) resonated powerfully in North America. When news of it reached Boston and other settlements in early 1689, bloodless takeovers followed each other in quick succession. Massachusetts, in particular, hailed William of Orange as a Calvinist Messiah and the North American colonies drew closer to the mother country ‘than ever before’.⁴ Paradoxically at first sight, the American secession in 1776 only confirmed this underlying bond, whilst demarcating a separate state jurisdiction on the other side of the Atlantic. For all the subsequent rivalries between Britain and the us over leadership of the English-speaking West, their attitude towards the outside world always remained characterized by these formative experiences, with many threads connecting the lingering idea of a Puritan ‘chosen people’, commitment to freedom from state authority, and generosity in ‘liberating’ others.

Contender states

Only against this background can social and political development on a world scale be properly understood as a process in which the evolving liberal heartland comes to face a succession of *contender states*, beginning with eighteenth-century France. Germany and Italy were part of the second wave, challenging in alliance with Japan the second British empire and the United States. The Soviet Union then confronted the wider West as the leading contender in the second half of the twentieth century. Seen in this light, post-war European integration built on prior contender-state episodes and was itself at the threshold of a new round of the broader process. In the end, most contender states have been

⁴ Several of the ideologues of the Parliamentary party in the English Civil War were returnees from exile in North America; Cromwell himself in matters of theology and church organization ‘looked to New England rather than Scotland’: Angus Calder, *Revolutionary Empire: The Rise of the English-Speaking Empires from the Fifteenth Century to the 1780s*, London 1981, pp. 217, 212. For the Glorious Revolution’s effects in North America, see pp. 384–5, 388.

incorporated into the expanding heartland without entirely overcoming the earlier fault-lines. The rifts that run through the expanded West as a result have been a constitutive factor in European integration.

We can leave the further evolution of this process, in which China would be the primary contender today (all along, a host of 'secondary contenders' such as Brazil, Mexico, Turkey, Iran and India were of course active on the sidelines), to a longer discussion elsewhere. Here it is enough to offer an outline for rethinking geopolitics and global political economy that is radically different from the standard Hobbesian model of states struggling for power in an anarchic world. There is no metaphysical, trans-historical mechanism at work; the contender states are simply those whose ruling classes most successfully 'negotiate the modernization pressures' (emanating not from Britain per se, but from the English-speaking heartland) by investing their sovereign states with the task of mobilizing their societies, and who thus offer a shorter and usually more brutal route to social integration and modernization. No 'civil' society here—instead, the pattern is of the state confiscating, to varying degrees, its social substratum; a clear demarcation of the sovereign territory; and some 'revolutionary' doctrine, usually nationalist in nature, mobilizing the population behind the catch-up effort. These are the hallmarks of the contender state.

Nomadism of capital

'Capitalism' in this view is secondary to the liberal, Lockean constitution of the heartland. It was not a feature of the original transatlantic constellation, indeed could not be at that stage of social development. Capital is certainly a historical corollary of the heartland/contender structure, but it tends to escape the confines of bounded spaces and imposes itself on global society as an *extraterritorial discipline*.⁵ Historically, the elements of capital crystallized in the interstices between feudal productive structures, such as the manor and the guilds, and as long-distance finance and trade outside the jurisdiction of the sovereign entities of European society—princely and ecclesiastical courts, urban and provincial leagues. These blended into a single, comprehensive process, integrating production

⁵ Marx writes that capital 'is not, as the economists believe, the *absolute* form for the development of the forces of production . . . it is a discipline over them, which becomes superfluous and burdensome at a certain level of their development': *Grundrisse*, Harmondsworth 1973, p. 415.

into transnational circuits of money and goods, only in the industrial revolution, which of course had its epicentre in England. But as 'total capital' operating at the world market level, capital remains a force that by preference seeks to occupy the interconnections between separate political jurisdictions. For through the control of commercial exchanges and credit, it can exert competitive pressures on wages and living/working conditions in the different societies to which it has access, overdetermining profit strategies of individual entrepreneurs, or 'particular capitals' in Marx's terminology. In this sense capital tends, as Ronen Palan has argued, towards a 'nomadic' pattern of organization, operating in an imaginary 'smooth space' *that cannot be internalized by states*.⁶

The specificity of the relationship between the Lockean heartland and capital lies in its combination of states retaining their formal autonomy and a wider space organized under the sovereignty of property and contract, and thus of capital. This transnational space, whilst external to the states separately, is internal to the heartland as a broader configuration. The quasi-state structures such as the Bretton Woods institutions that are active in this transnational space should be seen as a technical and statistical infrastructure preferentially accessed by the strongest heartland states, rather than possessing (like the United Nations and universal international organizations generally) any parliamentary character. Ideally, they are impermeable to democracy and class compromise.

European integration

We can now return to European integration and interpret it within this framework. The process originated with the onset of the Cold War, or the stand-off in which the USSR emerged as the new contender. But Atlantic liberalization along Lockean lines, and Franco-German reconciliation, required different, often incompatible solutions. Continental Western Europe had a long history of contender-state initiative and direction; a precipitate liberalization might have destabilized the ruling-class hold on society altogether. Given the depletion of British power in the Second World War, the United States therefore had to assume a leading role in trying to synthesize elements of state intervention with the need to integrate the continent into the wider West. Here, as in the Middle East and East Asia, there were intense rivalries at work dividing Washington

⁶ Ronen Palan, *The Offshore World: Sovereign Markets, Virtual Places, and Nomad Millionaires*, Ithaca 2003, p. 15 and ch. 7.

and London. But to the extent that the Marshall Plan aimed at cracking open the closed reconstruction economies on the continent, removing Communists from government and consolidating a liberal bloc around the English-speaking states, Britain was entirely in step with the United States.

The positive thrust of the Marshall Plan, to kick-start the transformation towards Fordism, broke with traditional liberalism however. This was a *qualitative* change, which makes claims that the plan amounted to only a modest contribution to a basically European effort beside the point.⁷ Paul Hoffman, the Marshall Plan administrator, rightly called it a contest ‘between the American assembly line and the Communist party line’.⁸ Hoffman’s concern was shared by the French investment banker and wartime Allied logistics manager Jean Monnet, who was convinced that only a profound transformation of European society along the lines of the American New Deal would provide an alternative to socialism. In 1949–50, Monnet and his associates in the French state and state planning structures developed a strategy to lock West German industrial resurgence into a ‘European’ framework with real regulatory powers. An economy organized around the Franco-German axis might then consolidate the temporary advantages that planned modernization was yielding in France, or at least allow peaceful, negotiated redistribution—as the English-speaking heartland had made possible on the basis of liberalism and the rule of law. The Federal Republic, in turn, was willing to reciprocate French European initiatives as a way of regaining sovereignty and economic strength.

The Coal and Steel Community, the first properly ‘European’ institution, created a structure of socialized labour outside the reach of national state control and parliamentary scrutiny, but otherwise very much in the contender-state tradition of a politically directed economy; including industry and trade-union representation along corporatist lines. The coal and steel industries of the six ECSC countries were to be subordinated to their steel-using sectors, although the automotive component of European Fordism was still in its infancy. After the outbreak of the

⁷ This is the thesis of Alan Milward, *The Reconstruction of Western Europe 1945–51*, London 1984.

⁸ Cited in Anthony Carew, *Labour under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science*, Manchester 1987, p. 8. See my *The Making of an Atlantic Ruling Class*, London 1984 (posted at www.theglobalsite.ac.uk) for biographies of Hoffman and Monnet.

Korean War, military production actually had to compensate for limited civilian home markets. Even so, the coordination of investment plans and (some) control of prices of the steel industry worked to create a level of policy-making at which a transnational class interest could take precedence over the democratic constraints faced by individual governments.⁹ True, the High Authority, a federalist institution very much in the contender-state tradition, was eventually eclipsed by the European Court of Justice, because the Court pointed in the direction of a transnational legal space in the Lockean sense—where the discipline of capital can be enforced by court actions initiated by plaintiffs suffering from market imperfections or infringements of anti-cartel law, rather than by a political institution.¹⁰ But this was not a foregone conclusion, and the existence of *two parallel lines of development* is the real constitutive feature of the subsequent integration process.

Alternative logics of unity

The emancipation of West Germany from its condition as an occupied country runs through the integration process all along. The proposal, re-writing and eventual collapse of the European Defence Community between 1950 and 54 is usually presented in accounts of European integration as a failure. But it was only a defeat of what otherwise (through the parallel Political Community) would have become a solid federalist set-up in the contender-state tradition. Instead the German rearmament issue which France had tried to contain via EDC became a landmark episode in the restoration of the Federal Republic's sovereignty. This in turn was to be a crucial component of the further integration process if it were to avoid ending up creating a truly supranational quasi-state controlling its socio-economic foundations, which would compromise and politicize the transnational expansion of capital. France at this point was in full retreat from imperial positions, from the dramatic defeat at the hands of the Vietnamese at Dien Bien Phu in 1954 to the Suez debacle

⁹ Ernst B. Haas, *The Uniting of Europe: Political, Social and Economic Forces, 1950–1957*, Stanford 1968 (second edition), p. 194. With the coal industry rapidly losing ground to oil, the ECSC basically worked as a structure facilitating its demise in a more or less equitable way. It also made it easier for governments to 'sell' the closure of mines by invoking a higher authority. Alan Milward, *The European Rescue of the Nation-State*, London 2000 (second edition), p. 63.

¹⁰ Albert Statz, 'Zur Geschichte der westeuropäischen Integration bis zur Gründung der EWG', in Frank Deppe, ed., *Europäische Wirtschaftsgemeinschaft: Zur politischen Ökonomie der westeuropäischen Integration*, Reinbek 1975, p. 144.

that only exacerbated its failure to subdue the nationalist uprising in Algeria. 'Europe' more than ever became the lifebuoy for France's role in the world. But the strategy of trying to lock West German resurgence into a European embrace, allowing France to capitalize on its current strengths and control the inevitable redistribution, was by now faltering in the face of a West German (and Dutch) interest in a common market. Again the two strategies may be understood in terms of, respectively, the creation of a European supranational structure in the contender-state tradition; and the shaping of a civil-legal European space in which transnational capital could be liberalized along 'Lockean' lines, with the state subordinated to capital.

Paradoxically, it was only after France had gone through its painful adjustment to the Common Market in this second meaning (and reorganized its colonial possessions in a neo-colonial framework) that 'Europe' was set on a liberal course, albeit gradually so. Most liberal parties still thought that the Common Market, too, was a top-down federal institution, and voted against ratification in their national parliaments. Yet in the envisaged transnational constellation, the national state retains its prerogatives within the larger structure, but is subject to common rules. The role of de Gaulle's seizure of power in 1958 must be seen in terms of the impossibility of realizing this transformation by democratic means in France; the French Communist Party, although in continuous decline since the war, still had the single largest parliamentary fraction. Nevertheless, de Gaulle shared with the Communists the commitment to French sovereignty; federal supranationalism in his view had worked to force Europe into a Cold War line-up tailored to US global designs. In the process, the governments of the Fourth Republic had signed away vital French interests, allowing West Germany to recover in an Atlantic context under the guise of European unity.¹¹ As soon as he had settled in the presidential palace, therefore, de Gaulle reopened the debate on the nature of the European integration process. Not, as so often maintained, to attack it, but rather to recast it as a liberal, intergovernmental structure in the spirit of Lockean transnationalism—but a *European* one.

The gradual movement away from patterns of integration more in keeping with the traditions of a directive state had meanwhile engendered a 'European' interest that was no doubt oriented to liberalization and

¹¹ Charles de Gaulle, *Mémoires d'espoir*, Paris 1970, vol. 1, *Le Renouveau 1958–1962*, pp. 178–9, 182.

in many respects shared the broader Atlantic perspective in terms of a commitment to fostering capitalist modernization on a world scale. But the fact that all along, progress in this direction was made by creating structures akin to the contender-state experience—the High Authority of the ECSC, but also the Common Agricultural Policy and the association policy towards former colonies, both outcomes of renewed French initiatives under de Gaulle—shows that such an integration strategy is not something that can be applied tactically and removed again later. It works as a structure of socialization also in the sense of a norm-setting context, fostering a particular outlook among the social forces harnessed by it.

Challenges of the seventies

This was only reinforced by subsequent ‘European’ solutions to crisis situations such as May 68 and the ensuing rise of the Left. In southern Europe, the apparent radicalization of Social Democracy and the adoption of Eurocommunism by the largest Communist parties posed an acute challenge. Most pronounced in Italy and France, and in the underground party in Franco’s Spain, Eurocommunism took the authoritarian Left several steps towards the centre ground of politics, and away from the Soviet experience. This removed the stigma of belonging to a different political culture, and made it more difficult to deny the legitimacy of these parties as competitors for power in a liberal context. For the capitalist class on the continent, the short-term response to the ascendancy of the Left was a transnationalization of production and capital flight; further liberalization, national and European, would have been the logical corollary. Politicians, however, were more concerned with creating European parliamentary structures that would shorten the lines of communication between West German, Dutch and British Social Democracy, and those southern European Socialists, notably the French, who appeared ready to conclude electoral pacts with the Communists. Therefore the federalist Tindemans Report of 1976 listed among its many recommendations a directly elected European Parliament. Certainly that institution was still without effective powers and faced no obvious sovereign authority, given the parallel reinforcement of the European Council of heads of state and government (answerable to national parliaments) and the downscaling of the European Commission to a quasi-secretariat. But it did generate European party formation whilst ensuring a majority for Christian and Social Democracy in the Parliament at Strasbourg, with Communists safely relegated to minority status again.

Much in Tindemans's proposals—such as his plans for a common European defence and foreign policy—remained a dead letter. Yet the federalist intervention they represented at this late stage once again put in place obstacles preventing an integrated Europe from converging with the Anglophone heartland as an 'internal extraterritoriality', a wider space from which democracy and class compromise are structurally excluded. The EU of today has no doubt developed towards a heartland-like liberal structure in key respects, notably through the enhanced role of the European Court of Justice. But the fact that it has done so by relying all along on forms inherited from the contender-state experience means that it has reproduced a set of distinctively 'European' attitudes and interests—also in the geopolitical sphere, as in relations with the Soviet bloc and the Third World, and their successor formations today. Heavy-handed American attempts to impose 'Western' discipline only contributed to the quest for European independence in key sectors such as the aerospace industry.¹²

The ambivalence between Lockean liberalism and the contender-state tradition has throughout been illustrated by British policy towards Europe. The UK, a founding 'member' of the original heartland, but geographically and—increasingly—economically 'European', first remained outside and then negotiated structural competitive advantages relative to the EU. The need to preserve the off-shore status of the City of London and maintain the prerogatives of the parliament in Westminster mutually determined each other here; a domestic mass base for the maintenance of transnational liberalism has been continually kept alive by populist scares about a supposed European 'super-state'. But as the European integration process more and more abandons the federal impetus for a pervasive liberalization (having lost its Cold War rationale as well as the need for a complex give-and-take concerning German sovereignty), the prominence of the EU issue in British politics is diminishing.

On the continent, such a soft landing is impossible, but the established channels of electoral control have become unsuited to the task of getting this message across. European integration places key areas

¹² When the United States prevented the sale of Airbus passenger planes to Libya in 1982 by applying its export legislation to American-made components, this set in motion the process towards integral 'Europeanization' of the EU's aerospace industry that is practically complete today: Gert Meijer, *Internationalisatie van de Europese vliegtuigindustrie*, Amsterdam 1984, p. 88.

of policy-making at one remove from parliaments. The European Parliament has not compensated for that erosion of democracy. Still it also represents, along with certain corporatist European structures, an invasion of the transnational liberal space by the standards of the original heartland. This peculiar, and of course partial, removal of parliamentary prerogative to 'Europe' fits into a broader trend of restricting electoral democracy.

Democratic revolution

The heartland/contender structure that underlies contemporary world politics and global political economy is one aspect of a broader democratic revolution that has been the driving force of modern politics. With a focal point in northwest Europe, the democratic revolution took shape in emancipatory struggles against feudal-aristocratic rule, royal absolutism, and the hold of the Roman Catholic Church on spiritual and cultural life. Rather than isolating one element and speaking of 'bourgeois revolution', it is better to see the earliest phases of the democratic revolution, the Reformation and the Enlightenment, in terms of a reordering of the form of the state and its relationship with society that was democratic first, and only secondarily served the interests of the commercializing landlords, merchants and artisans of the towns. The bourgeoisie then formed as a class in the process of consolidating the new reality constitutionally, a process also demarcating it from the lower classes. Indeed in the English and the French revolutions, the bourgeoisie was never a cohesive class but an amalgam of diverse social forces loosely united by urban residence and commercial activity, and rallying behind individualizing doctrines such as Protestantism and human-rights philosophies. Only in the restorations that followed these epoch-making events did a bourgeois class interest fully crystallize.¹³ By the mid-nineteenth century, we see the bourgeoisie that Balzac depicts in his novels in place socially, as a recognizable human type; the *Communist Manifesto* could not have been written had this not been the case.

It was the unevenly timed capture of state power in the democratic revolution, and the varying degrees to which the ascendant bourgeoisie was able to put its stamp on it, that shaped the distribution of geopolitical space along the lines of the heartland facing a succession of contender states.

¹³ See Eugen Rosenstock-Huessy, *Out of Revolution: Autobiography of Western Man*, Providence, RI 1993.

In the wars of religion on the continent and in the British Isles, different patterns of modern state/society organization and foreign involvement become apparent for the first time. In this sense the bourgeois phase of the democratic revolution can be argued to have created the heartland/contender state structure by which, after the Glorious Revolution of 1688, every democratic revolution since has been overdetermined. As a result, revolutions against the confiscation by contender states of the social sphere typical of the heartland have continued to occur; and whilst this perhaps upsets the schematic succession of bourgeois and socialist revolutions, it is not nearly so problematic if considered in the light of pervasive pressures for emancipation and equality on both sides of the heartland/contender state divide.

There is no space here for a comprehensive analysis of the subsequent trajectory of the democratic revolution. All that need be said is that throughout, and including its Reformation and Enlightenment phases, it was cast as a *project for universal emancipation and social equality*. This was what brought the mass of the population into the streets in each revolution, which in turn allowed radicals (Thomas Müntzer, the Levellers, the Hébertists, etc.) to try and drive the insurrection forward in the name of equality. Indeed the socialist labour movement itself developed as the left wing of the democratic revolution once industrialization began to spread across Europe. Working-class parties first branched off from the liberals as a separate political tendency, and then embraced parliamentary democracy, the bourgeois system which had meanwhile been put in place to allow differences of interest to be articulated at one remove from society. Of course, this also worked to discipline socialist politicians. But those socialist currents that recognized the progressive-liberal middle classes as part of the same historical movement, and hence a potential ally, were able to make important strides forward. Whenever the Left identified moderate elements adjacent to it as the main enemy (as Lassalle did in Prussia-Germany, and as Communists did when they branded Social Democracy as an ally of fascism in the early 1930s, prior to the Seventh Congress of the Comintern), it signed its own death warrant.¹⁴ In the end, a parliament with real powers can legislate for emancipation and social equality, too.

¹⁴ Lucien Goldmann, 'Die Marxistische Erkenntnistheorie und ihre Anwendung auf die Geschichte des Marxistischen Denkens', in Kurt Lenk, ed., *Ideologie: Ideologiekritik und Wissenschaftssoziologie*, Neuwied and Berlin 1971.

Crisis of ungovernability

This was precisely what brought about the ‘ungovernability crisis’ declared in the mid-seventies. The May 68 explosion, the anti-imperialist tide in the Third World spearheaded by the national liberation struggle in Vietnam, and Salvador Allende’s parliamentary strategy of nationalization and radical democratization in Chile all testify to a powerful undercurrent of democratic aspirations, in which demands for political and cultural emancipation and material equality were equally prominent. The normalization of East–West relations (paradoxically coming right after the Soviet clampdown on the attempt to revitalize Czechoslovak Communism) at the same time worked to deflect local violence from igniting a major East–West confrontation. The new democratic wave brought the goal of comprehensive emancipation and social equality several steps closer. This is not to say there were no serious contradictions in this movement. It is clear, for instance, that the drive for a New International Economic Order, which aimed to build a reformist coalition on the waves of Third World liberation struggles and détente, had effects that often went *against* democracy within the states supporting it—not least because this too was a collective contender effort, with states seeking to confiscate their societies in the ‘Bonapartist’ mould. Yet there was a common element to all three axes (class relations in the West, emancipation of the Third World, détente) that contrasts starkly with the subsequent phase: they all involved an express challenge to the discipline of capital over society, nationally and internationally. As two Soviet authors wrote in 1982,

the movement of social protest of the 1960s contributed to . . . the ideological thesis according to which true and consistent democracy in social-political life is possible only as the limitation or even negation of capitalism. On the contrary, a number of [neoliberals] in the middle 1970s formulated the opposite thesis: ‘true’, i.e., ‘rationally organized’ . . . capitalism, is possible only as the restriction of democracy.¹⁵

The NIEO drive, half-heartedly supported by the Soviet bloc states, but objectively profiting from the balance of forces in the world arena created by détente, thus included proposals to establish a control regime

¹⁵Y. A. Zamoshkin and A. Y. Melvil, ‘Between Neo-Liberalism and Neo-Conservatism’, in Edward D’Angelo et al, eds, *Contemporary East European Marxism*, Amsterdam 1982, vol. II, p. 225; I have adapted the terminology to the contemporary European understanding of ‘neoliberal’.

for transnational corporations under UN auspices: democracy as a 'limitation or even negation of capitalism'. Certainly this was why Social Democrats and Eurocommunists welcomed the NIEO movement, and positively valued détente, which figures like Willy Brandt and Jan Tinbergen interpreted in terms of a long-term convergence of patterns of socio-economic development. The *response* to the movement for social and economic democracy then produced the 'opposite thesis', namely that 'rationally organized' capitalism is possible only as the restriction of democracy. It was this restricted democracy that initially enabled the neoliberal turn of the European integration process, which is now yielding the results we are seeing in France and—for the moment—less spectacularly in the other countries of continental Europe. The pathetic embrace of the EU by the elites of the former Soviet bloc constitutes a separate chapter in this unfolding drama which must be left aside here, although the authoritarian drift of politics in countries like Poland may suggest some of the interrelations between neoliberal economic policy and a mood of desperation in society.

An adversary culture?

The contours of a structural response to May 68 were first drawn by Daniel Bell, red-baiting intellectual of the McCarthy era and author of the late 1950s 'End of Ideology' thesis. His 1969 article, 'The Cultural Contradictions of Capitalism' (later expanded to book length under the same title), remains a mandatory text for anyone who wants to understand the political rationale behind the restriction of democracy that was put in place later. Bell argued that the welfare state produces the forces that, if left unchecked, would undermine the capitalist order itself by disconnecting individuals from the material and psychological limitations of their economic position. Just as the Fordist mass production/consumption economy increases 'discretionary income' (that part of income used to develop a consumption style of one's own choice beyond the necessities of life), so, Bell claimed, 'the expansion of higher education and the extension of a permissive social atmosphere has widened the scope of *discretionary social behaviour*.' On this basis, youngsters of relatively modest background break free from the restrictions of class and begin to think that for them too, life might be a terrain of unlimited possibilities and participation. 'As the traditional class structure dissolves, more and

more individuals want to be identified, not by their occupational base (in the Marxist sense), but by their cultural tastes and lifestyles.¹⁶

This, in Bell's view, becomes a political problem because the young are drawn towards an 'adversary culture', the struggle of the free creative spirit against the conventions of society that is inherent in modernism. Everybody thus begins to think they are entitled to join the avant-garde of progress and clamour for radical change on the assumption that society has arrived in a sphere 'beyond necessity', 'at the end of history, in the kingdom of perfect freedom.' What therefore needed to be dealt with was the context in which this kind of mass-based 'adversary culture' takes shape. The solution that emerges from Bell's analysis is to restore micro-economic rationality in each individual's life-cycle, eliminating the social dimension of Keynesian demand management, social service provision and redistribution. The removal of 'free riders' would leave only those who can afford to pay for the privilege to experiment and toy with radical change; others would be held back by the limits of their spending power. Roughly: do you want to demonstrate under a red banner whilst studying at university?—well, make sure you take out a *very* large student loan.

Bell's lone voice could not, of course, have been of much avail amidst the democratic tide of the 1970s, had there not been other sources on which a ruling-class response could draw. Here we should be reminded of the disarray into which Western political structures were thrown as a result of the reversals of the late 1960s and early 70s, both nationally and internationally. The Nixon Administration was an expression of the crisis and exacerbated it with its haphazard responses. Pursuing the kinds of violent solutions that had already led the United States on its Asian rampage in the second half of the 1960s, it suddenly swung towards détente with the supposed instigators of Third World revolt and the rise of the Left, Moscow and Beijing—in the hope of playing them off against each other and disentangling itself from the Vietnam quagmire; but also achieving real steps forward in strategic nuclear arms control. Allende was overthrown in 1973 with us support, but Nixon and Kissinger did not mind making up to ruling Communists. It was this contradiction in American imperialism that was one of the main drivers behind the

¹⁶ Daniel Bell, 'The Cultural Contradictions of Capitalism', in Daniel Bell and Irving Kristol, eds, *Capitalism Today*, New York 1971, pp. 31–2.

formation of the Trilateral Commission and the reorientation of Western foreign policy under Jimmy Carter towards a comprehensive 'human rights' strategy, effectively delegitimizing the strong state irrespective of its political orientation.

The Trilateral Commission's 'Crisis of Democracy' report of 1975 was a landmark in identifying the underlying problems facing the ruling order in this period. Its authors, Michel Crozier, Samuel Huntington and Joji Watanuki, took up Daniel Bell's argument that relative affluence has created a problematic 'syndrome of values'. While expressing concern at the 'stratum of value-oriented intellectuals' who were critical of existing authority ('adversary intellectuals'), they remarked on a more hopeful note the parallel growth of a stratum of 'technocratic and policy-oriented intellectuals'. Yet their conclusion was that 'in recent years, the operations of the democratic process do indeed appear to have generated a breakdown of traditional means of social control, a de-legitimation of political and other forms of authority, and an overload of demands on government, exceeding its capacity to respond'.¹⁷

Towards neoliberal synthesis

The report highlighted the difference in this respect between the English-speaking West, where industrialization and democratization developed in tandem, and Germany, Italy, Japan and other countries (i.e. contender states), where democratization had historically lagged behind industrialization. This had created specific imbalances, exposing the political order in these societies to critiques of 'bourgeois democracy' from various angles. In other words, the dangers to the established order were most acute outside the Lockean heartland. The solutions, it could be inferred, had to come from this West. In his contribution to the report, Huntington identified the equation of democracy with social equality as one of the main problems of the accepted concept of democracy.¹⁸ Central to the report's recommendations was therefore the idea that issues of social structure and income distribution, and by implication the economic system, should be bracketed off from what was open to

¹⁷ Michel Crozier, Samuel Huntington and Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission*, New York 1975, pp. 8–9.

¹⁸ Huntington condemns John Rawls's *Theory of Justice* for propagating this identity between democracy and equality.

change through the electoral process. Although the conclusions of the report and its discussion in the Trilateral Commission were on occasion contradictory, perhaps reflecting the confusion of the period, we can now see that this was its long-term contribution.

Bell's argument was that a continuing democratization opens the way to socialism; therefore the proportionality between individual economic resources and political aspirations must be brought back one way or another. The 'Crisis of Democracy' report recommended reducing the 'load' of democratic demands by removing the economy from the range of issues with which the government and the parliament to which it is answerable are entitled to deal. The strand of thought that brought these two lines of argument together was the neoliberalism of Hayek and Friedman, who in 1947 formed the Mont Pèlerin Society to combat what Hayek famously identified as 'The Road to Serfdom' inherent in letting the state play a role in the economy, and to promote Lockean arrangements instead. Hibernating in the economics departments of the West's elite universities such as Chicago and LSE, the Mont Pèlerin network survived three decades of marginalization from public life, even ridicule on the part of the Keynesian mainstream. But it emerged triumphant in the crisis of Keynesianism and Fordism in the early seventies.

The neutralization of social democracy (and concomitant restriction of political democracy) is a vital component of the establishment of a neoliberal 'Open Society'. Fukuyama's 'End of History' thesis, that liberal capitalism and parliamentary democracy together triumphed over the 'totalitarianisms' of the contender-state variety, obscures the fact that democracy had to have its wings clipped before capital could reimpose neoliberal discipline.¹⁹ The fact that the latter was first applied to Chile under Pinochet amidst mass torture and repression was not just an embarrassing preface to its implementation under Reagan and Thatcher. Neoliberalism presupposes that the old society is demolished completely. It is not a return to a prior liberalism, but a radical utopia that may require the violent removal of whomever and whatever is in the way

¹⁹ Francis Fukuyama, *The End of History and the Last Man*, Harmondsworth 1992; a more accurate assessment of the nature of the democratic triumph of the West can be found in William Robinson, *Promoting Polyarchy*, Cambridge 1996, and Christoph Görg and Joachim Hirsch, 'Is International Democracy Possible?', *Review of International Political Economy*, vol. 5, no. 4 (1998), who all emphasize the parallel erosion of democracy.

of its makeover. The new constitution drawn up by the Chilean junta was named the 'Constitution of Liberty' in honour of one of Hayek's books. Margaret Thatcher actually had to defend herself against criticism from the grey eminence of neoliberalism by pointing out, in correspondence with him, that parliamentary democracy imposes certain limits on what can be achieved.²⁰

The neoliberal interpretation of democracy at issue here is predicated on the Lockean emancipation of 'civil society' *against the state*. The economy, let alone social equality, is no longer on the democratic agenda. In the neoliberal perspective, the state, with its instruments of redistribution, planning and crisis management of the economy, must step back before the abstract individual. The key notion here is choice. As construed by thinkers like Gary Becker, and extended to all aspects of social life, rational choice theory readily identifies state regulation and redistributive policies as causes of economic malfunctioning. The need, emphasized by Bell, to restore micro-economic logic to each individual's existence, can now be addressed in a way that accommodates the very aspirations that ran through the May 68 movement: autonomy, creativity, self-realization. The 'free rider problem', Bell's 'discretionary social behaviour' by people who have not actually paid for the things they enjoy, can be solved if only the structure of social solidarity on which the welfare state is based is removed.

Bracketing the economy

As an economic theory, neoliberalism enshrines capital as the sovereign force in organizing society. The sole agencies it recognizes explicitly are the property-owning individual, who is 'free' to engage in a competitive quest for improvement, and the market, which is the regulator of this quest. Capital, as the mobile wealth that has already been accumulated, and entrenched politically on the commanding heights of the globalizing economy, is obscured as a social force by the resurrection of an imagined universe of individuals, some of whom happen to own Microsoft,

²⁰ The full story of the Mont Pèlerin saga has been written from an admiring perspective by Richard Cockett, *Thinking the Unthinkable. Think-Tanks and the Economic Counter-Revolution, 1931–1983*, London 1995, and from a critical perspective by Bernard Walpen, *Die offenen Feinde und ihre Gesellschaft: Eine hegemonietheoretische Studie zur Mont Pèlerin Society*, Hamburg 2004 (which cites the correspondence between Thatcher and Hayek).

others only their own labour power, or not even that. Neoliberalism thus naturalizes capitalist relations by taking the economic definition of man/woman as the starting point for an integral social science, whilst leaving 'outcomes' entirely contingent. The structural problem of modernism identified by Bell, the 'adversary culture', is met by individualization and a restoration of micro-economic rationality. These combine to discipline the individual's choices and tailor them to his/her actual budget. If they do not, the citizen is taking risks that can become unmanageable. The process of neoliberal restructuring ('reform') thus turns the 'free' individual into a force contributing to the dynamic instability of a rapidly developing capitalism, because given 'risk', 'choice' has far-reaching consequences that may decide one's life experience in its entirety.²¹

Finally, the counterpart of the emasculated state, whose sovereignty recedes before the sovereignty of capital, is an emasculated society. The new concept of 'civil society' that has taken the place of the older uses of the term is conceptualized primarily as the *opposite* of the coercive state, thus adding to the de-legitimation of the contender tradition and, by implication, of all development not controlled by transnational capital. It also implies a changed concept of democracy as a competitive game within set limits. Just as economic competitors are not supposed to challenge the nature of the market economy itself (which is why the state has to be separate from the economy and refrain from taking on any activity which private subjects can handle), the participants in the democratic competition must accept the given 'level playing field'; that is, the existing social-political order. Political competition can therefore not include those who want to change that order. As Fukuyama writes, 'in most advanced democracies the big issues concerning the governance of the community have been settled'; likewise the 'choice' of economy. Hence inequality cannot become an election issue.

This, then, is the implication of bracketing off the economy from the sphere of political choice, or to use Stephen Gill's phrase, 'constitutionalizing' it into a foundational presupposition of society.²² 'Responsible'

²¹ Continual anticipation of a potentially wrong choice, or the possibility of missing a chance, Alex Demirovic writes, overstrains individuals and undermines their capacity to imagine or engage in collective action capable of changing their conditions of life: see Walpen, *Die offenen Feinde*, p. 243.

²² Stephen Gill, 'European Governance and New Constitutionalism: Economic and Monetary Union and Alternatives to Disciplinary Neoliberalism in Europe', *New Political Economy*, vol. 3, no. 1 (1998).

political elites must therefore agree not to contest the principles of social organization; the emotional energies of the electorate should ideally be reserved for issues of identity and morality. Of course, interest in elections under these conditions can only decline. Why vote if the principles on which society is run are placed out of reach for the voter? True, some democratic fervour can still be mobilized to put in place this sanitized form of democracy, as in the case where ‘people power’ orchestrated by Western donors is instrumentalized to remove a contender-state class from office. But once the pop concerts and round-the-clock mass rallies televised across the world have helped to install the neoliberal alternative, the meaninglessness of choosing among candidates holding different babies but all committed to privatization soon imposes itself again. Indeed it tells us something critical about this sanitized democracy, or ‘polyarchy’, that figures like Brandt or Moro (let alone a socialist like Allende), who were willing to include in the democratic process those committed to changing society, had to be removed before political ‘competition’ could be truly safe.

The inherently revolutionary process of general emancipation on which democracy has been based since the Reformation and the Enlightenment (punctuated by actual revolutionary crises, and with social equality the longer-term objective) thus is ideally terminated. We are lifted into an ahistorical universe, where the only aspiration meaningfully entertained is that of individual improvement, placing each and every citizen in the position where he or she must ask, How will I achieve this? What are my chances? Religion certainly gravitates back to centre-stage as a consolation prize, with the promise of a decent after-life where the present is without perspective. But especially in the lay societies of the West, the grip of religion on the dispossessed is always precarious, and the French *banlieues* are only one example where a mixed population of diverse immigrant descent will not easily pass under the influence of a single faith.

Premature confidence

Today, it would seem as if property rights and capitalist discipline overrule all else. As Blair put it in a speech to the New York Stock Exchange in late 1998, the string of financial crises rocking the world at that time did not mean that ‘market disciplines have failed, but that in a global

economy, the absence of such disciplines can have devastating effect. Countries must put in place the right policy framework.’²³ Neoliberal ‘good governance’ in that sense is premised on the crystallization of sovereign capital on a global scale. Democracy is reduced to a vote on the personnel entrusted with making ends meet in the circumstances.

Yet the notion of a universal homogenization suggested by the term ‘globalization’ is wildly premature. The ability of different societies to submit to capitalist discipline varies, and the very pressure to do so tends paradoxically to reactivate the specific heritage of each separate society in new combinations, in a process that Robert Boyer calls ‘hybridization’.²⁴ As a result, cleavages of a ‘civilizational’ nature, religious and national-ethnic divisions, are intensified in ways that undermine the global sovereignty of capital.²⁵

The rejection of the European Constitution in France and the Netherlands in May and June 2005 may be read as an unexpected surge of interest in elections, even the almost futile ‘European’ ones, by electorates reclaiming the right to speak out about where society is going. True, they cannot simply be interpreted as expressing only authentic aspirations for social equality and emancipation. In the Netherlands there was a substantial role in the ‘No’ for populist anti-immigrant sentiment, and the issue of Turkish EU membership was a major concern. There is also general dissatisfaction with EU expansion into Eastern Europe, and unease about the expected influx of migrant workers accepting substandard wages and working conditions. In France too, the ‘Polish plumber’ played a role in mobilizing the ‘No’ vote, and it must be feared that the riots in the *banlieues* will reinforce the xenophobic reflexes of large sections of the population, at least in the short run. But it also became clear after the referendum that there existed a continuity between the ‘No’ of 2005 and the results of the first French elections in 1848: the regions where the left candidates, Raspail and Ledru-Rollin, won in 1848, were 157 years later those where a majority voted ‘No’, while the regions that voted ‘Yes’

²³ Quoted in Paul Langley, *World Financial Orders: An Historical International Political Economy*, London 2002, p. 132.

²⁴ Robert Boyer, ‘De la première à la seconde *pax americana*’ in Robert Boyer and Pierre-François Souyri, eds, *Mondialisation et régulations: Europe et Japon face à la singularité américaine*, Paris 2001, p. 43.

²⁵ Amy Chua, *World on Fire: How Exporting Free-Market Democracy Breeds Ethnic Hatred and Global Instability*, London 2003.

were those won by Cavaignac, the candidate of the Right. In other words, the division in France has very deep historical roots.²⁶

Dissatisfaction with the effects of the introduction of the Euro as a common currency, especially the price rises it entailed, and—implicitly—the deflationary rules under which the European Central Bank operates, were a common denominator of the ‘No’. The French ratification of the Maastricht Treaty establishing Economic and Monetary Union was already a narrow escape for the political establishment, and Denmark even had to vote again for the ‘right result’. EMU however, with its provisions for combating inflation and controlling deficits, has imposed a permanent structural adjustment on member states, prejudicing the interests of economies organized around industrial capital and employment. In a sense, EMU followed the historic pattern of France trying to lock in Germany before it became too strong to be controlled: by Europeanizing monetary policy, the French sought to obtain a degree of control over the strong currency countries, Germany and the Netherlands. But since the ECB is ‘independent’—that is, free from political or parliamentary control—its mandate, the stability pact, lays down the neoliberal line for all ‘constitutionally’.

European Round Table

The Maastricht Treaty was thus a major step towards organizing the EU along the lines of the Lockean heartland. A free space for capital, with separate state jurisdictions keeping political sovereignty and democracy away from the larger structure, leaves only a thin line between European and full-fledged neoliberalism, Anglo-Saxon style. The result has been called ‘compensatory neoliberalism’ or ‘embedded neoliberalism’, to denote the remaining elements of class compromise and social protection—but these are left for the member states to maintain *after* the deflationary conditions of EMU have been met.²⁷ These conditions are being imposed in pursuit of the ambition of European capital to use the collapse of the Soviet bloc and socialism to accelerate a neoliberal,

²⁶ See *Le Monde*, 1 October 2005, discussing a study of the Fondation Jean-Jaurès (close to the French Socialist party).

²⁷ J. Magnus Ryner, ‘Maastricht Convergence in the Social and Christian Democratic Heartland’, *International Journal of Political Economy*, vol. 28, no. 2 (1998); and Bastiaan van Apeldoorn, *Transnational Capitalism and the Struggle over European Integration*, London 2002, respectively.

Thatcher-like transformation across Europe, in the hope that the 'market' will help overcome the ensuing imbalances between the states and classes. Maastricht and EMU descend in large measure from prior initiatives by the powerful European Round Table of Industrialists (ERT), which sought to exploit Europe's preferential access to Eastern Europe. The idea was to outsource production to the east and employ the 'liberated' workforces there in ways that subverted the structures of social protection still in place in the western half of the continent. In 1993, following the demise of the USSR, the ERT advocated the creation of a group specifically dedicated to 'competitiveness' in a proposal to the president of the EU Commission, Jacques Delors. An advisory body including the CEOs of Unilever, ABB, Nokia and BP recommended in three reports the modernization of education to improve the European position in the emerging global information economy; the liberalization of the public sector; and the flexibilization of labour, not only for employment in ways favouring corporate competitiveness, but with permanent training and re-training to adapt to changing needs.²⁸

At the Luxembourg summit of late 1997, the work of the Advisory Group on Competitiveness was translated into an employment strategy that committed the EU countries to fostering 'employability' of workers by establishing (re-)training programmes, creating more favourable circumstances for small start-up companies, flexibilizing labour and mobilizing more women into paid work, by removing restrictions on night-shift jobs and other measures. The principle of annual reporting by governments was agreed, so that progress in each of these areas could be monitored and compliance ensured. Meanwhile, the reconstituted Advisory Group began work on four more reports. One argued that social protection should be oriented to mobility of labour; the second recommended the creation of more competitive European capital markets and the concomitant growth of a European pension market. The third again called for labour markets to be made more flexible, and the final report of 1999 brought the different recommendations together in an action plan that focused efforts in these areas on catching up with the United States, which had flourished as a dynamic and open economy in the 1990s, contributing to economic activity in the rest of the world.

²⁸ Henri Houben, 'Het nieuwe hoofddoel van de Europese Unie: de Lissabonstrategie', *Marxistische Studies*, 65, 2004, pp. 29–31. All further details of the ERT strategy leading up to Lisbon are taken from this source and from van Apeldoorn, *Transnational Capitalism*.

At this point we should remind ourselves that capital is never identical with a given territorial entity; it operates as a flow process that avoids territorial caging, even at the EU level. As Bastiaan van Apeldoorn has documented, sales of the top 19 European corporations outside Europe went up from 34 per cent of turnover in 1987 to 46.2 per cent in 2000; on the other hand, sales outside the home country but *within* the EU (which would suggest a specifically European profile) hardly increased at all.²⁹ It would seem, then, that the EU was by now as much a facilitating structure for the global expansion of capital as the original English-speaking West, expressly abandoning the contender posture with its protectionist implications. Being 'European' rather implies preferential access to the EU policy-making level enjoyed by European big business, and the ability to sign in on major infrastructural and 'political' development projects like those in the aerospace sector (e.g. Airbus or the Galileo satellite positioning system).

However, the economic portfolio of the EU is not embedded in a commensurate political system that makes it possible to build transnational supporting coalitions around economic strategies and neutralize opposition by real or symbolic concessions and side-payments *across* national boundaries. Although the European Parliament is part of the formal political infrastructure, the suggestion of a European replica of the nationally developed separation of powers between executive, legislative and juridical institutions is mistaken. If there exists an EU '*Trias Politica*' in this sense, Otto Holman notes, it is composed of the Commission working closely with European business; the Court of Justice; and the Council of Ministers representing the member states (the European Council in the case of the heads of government). This effectively reduces parliamentary control to the input of each separate member of the Council (one out of twenty-five), but removes it from the EU '*Trias*' proper.³⁰

Agenda at Lisbon

Immediately after the Kosovo adventure, in which the US had forced the hand of the EU states in laying down the rules of engagement in the new Eastern Europe, the European Council met in Lisbon to discuss a

²⁹ Van Apeldoorn, *Transnational Capitalism*, pp. 140, 174.

³⁰ Otto Holman, 'Asymmetrical Regulation and Multidimensional Governance in the European Union', *Review of International Political Economy*, vol. 11, no. 4 (2004), p. 719.

comprehensive strategy building on the recommendations of the ERT Advisory Group on Competitiveness in the previous years. But the Lisbon agreement of 2000 also struck a new note of rivalry. On the one hand, it sought to accelerate the introduction of neoliberal privatization and flexibilization. On the other, there was an unmistakable element of challenge to the United States, in setting the target of a more competitive economy capable of overtaking the us by 2010.

The Lisbon agreement prescribes that the labour participation rate be raised from the current 61 per cent of the active population to 70 per cent in 2010. At the European summit in Barcelona in 2002, it was furthermore decided to raise the effective retirement age by five years. Think of the extent to which this affects people's lives—in the complete absence of any consultation. The European Commission in its preparatory document for the Lisbon meeting also recommended that when employment opportunities increased, jobs should be filled quickly on favourable market conditions and in ways that ensure non-inflationary growth (read, without wage rises). Flexible working hours, more opportunities for part-time work and a review of legislation that protects employment too stringently and imposes excessive redundancy compensation are thus in order. The third pillar of the Lisbon project is the completion of the internal market. This was to be pursued by the removal of remaining obstacles to a single market through liberalization of such sectors as gas, electricity, postal services and transport.

By now, however, it was becoming obvious that the Lisbon agenda, building on a decade of preparation by the ERT, had to be made palatable to the populations of Europe. After all, it was at this level that these far-reaching changes were being agreed. It was not, as in the case of Pinochet's Chile, Thatcher's Britain or Reagan's United States, a transformation to be achieved within the confines of a national state. In Europe, the search has been for a politics to legitimate the economic strategy developed at the EU level. But in spite of the corporatist and federal arrangements carried over from the contender-state experiences of the largest member states on the continent, the actual *political* structures—that is, the structures in which economic interests are metamorphosed into rival interpretations of a general interest—are weakly developed. There is a European Parliament, and there are various channels of interest articulation at the level of the EU, all institutions one will not find at the Atlantic level, or in NAFTA or ASEAN. Hence political mobilization and class struggle or

compromise *could* always develop at the EU level, however unlikely this may now seem. But compared to the clear separation between national politics and transnational economy in the original heartland, which reserves the transnational space for capital whilst containing democratic aspirations within each separate state, a 'European politics' is best characterized as a contradiction that could go either way—that is, it could re-nationalize politics entirely, leaving only a regulatory infrastructure in place at the EU level (with the ECB comparable in function to the Bretton Woods institutions), or else press forward to develop a full-fledged politics at the EU level. The 'only' problem here is that the populations of Europe have been *doubly disenfranchised*, both by the general restriction of democracy in the neoliberal reform drive, and by the specific displacement of key prerogatives of national parliaments to European structures in the economic domain.

Stakes of the Constitution

When it was therefore decided to lay down the neoliberal programme culminating in the Lisbon agenda 'constitutionally' through an actual European Constitution, and so obtain a popular mandate to ensure that this agenda would be internalized by the citizenry, this could only bring out the deep divide that had grown up between the dominant capitalist interest working directly with the Commission through the ERT, and the mass of the population left to deal with the consequences of dismantling the post-war class compromise, and effectively excluded from the European political process, where business interests hold sway. Hence the EU was always more neoliberal than national governments could afford. In spite of the across-the-board consensus among the political classes, left and right, that the neoliberal package is essential and inevitable, governments in practice had difficulty getting the agreed measures adopted at the pace required. Already in 2002, the European employers' organization UNICE complained that concrete measures were required to prevent the Lisbon agenda being derailed. Yet in more and more countries, notably in Italy, France and Belgium, powerful protest movements against liberalization emerged in the first decade of the new millennium. Chancellor Schroeder, indeed, took the unusual step of resigning from the post of chairman of the German SPD, which he had taken over from Oskar Lafontaine, in order not to lose any more time trying to convince his party of the necessity of cutbacks, liberalization and privatization.

The European Constitution was thus to have been the clinching mechanism for locking in neoliberalism as an inseparable component of the political structures operating at the EU level, and committing each member state to execute the underlying programme on account of a democratic vote. Of course, not every government risked asking its voters what they thought of the matter, and the French and Dutch referenda demonstrated why.

The rejection of the Constitution has not, of course, shelved the neoliberal programme. De Villepin, promising to 'listen' upon taking over as prime minister, has proceeded with privatizations without missing a beat. This is what stoked the fires of the *banlieues*. Indeed as long as European social development remains mortgaged by the EU commitment to an ill-fitting neoliberalism, the anomalies generated by the 'reform' drive, with their train of incomprehensions and exaggerations, disputes and malfunctions, will persist. The characteristics of the European continental economies that derived their cohesion and capacity for long-term public investment from a directive state are not just relics of the past, doomed to be swept away by progress. New financial practices may spread quickly, but as Robert Boyer has argued, work and employment practices change only slowly, dependent as they are on workers' competences and apprenticeship, which are acquired on quite different time-scales. And whilst Europe (or Japan and South Korea) may be ill equipped to join the financialization of the world economy on terms favourable to them, in the longer run the heritage of state enterprise and monitoring, class compromise and/or corporate paternalism could prove a better environment for the inevitable return to prominence of new forms of production.³¹ The basic problem with the EU's Lisbon strategy is that it takes a destructive approach to Europe's existing strengths and places all its hopes on attempting to compete with the us by adopting the American model wholesale. The large industrial economies of continental Western Europe have all been plunged into a structural crisis as a result, with France at the centre of events today.

³¹ Boyer in Boyer and Souyri, *Mondialisation et régulations*, pp. 35, 42; see also Emmanuel Todd, *Après l'empire: Essai sur la décomposition du système américain*, Paris 2004, pp. 248, 250.