

# A New Impulse – But for which Europe?

*Abstract:* The current situation of the European Community cannot be properly understood by confining analysis to juridical and economic coordinates. We must understand the history that has led the EU to its present state. Accordingly, the political conflicts that have made Europe provide a lesson for the possible forms and contents that, under financial and juridical, anti-democratic, assault, must be democratically revived and invented, reinvented toward a new and plural Europe.

*Keywords:* Europe, history, politics, financialization, counter-democracy.

Europe is dead, long live Europe? Since the beginning of a year in which elections were held for the European parliament (invested for the first time with the power to choose the president of the Commission), the paradoxes and uncertainties of the communal construction have hardly disappeared from the headlines.

On the one side, there are Cassandras announcing that paralysis and dissolution always threaten since none of the recipes applied have resolved the contradiction inherent to a political construction, the principle of which implies the antagonism of its members' interests. Recession is now perennial; inequalities have grown between nations, generations and social classes; political systems are blocked; there is, on the part of the populations, a radical defiance toward the European institutions, toward the European construction as such.

On the other side, those who embrace the Coué method of autosuggestion seize upon every "non-negative" sign in order to announce that, one more time, the European project benefits from its crises and starts anew, thus privileging the general interest over divergences. The weakness of such assertions is no doubt that, upon a closer look, all the signs invoked (the

banking union, for instance) are concerned with half-measures, burdened as much with limitations as with innovations.

What prevents casting ridicule on these assertions is the underlying argument of necessity: the economies of European nations are too interdependent; their societies all too subjected to communal mechanisms. There is every reason to fear, therefore, the catastrophe that would be brought about by a dismantling of the union. Yet this argument itself relies on the presupposition that in history and in politics continuity always wins, which would further imply that the crisis is merely conjectural.

In sum, these judgments cancel each other out and can only produce rhetorical disputes. What they lack is historical depth, which would enable an understanding of the nature of the current “great crisis” in a fifty-year-old process. What is required is a more demanding analysis of the contradictions thus revealed at the heart of the institutional construction, and particularly with regard to the entanglement of political strategies and economic logics. Finally, a more radical evaluation is needed of the changes that have already occurred at the level of the distribution of powers as well as in the definition of the actors, the space of confrontation between alternative projects. I will obviously not be able to address all these requirements, but I shall try to sketch what appears to me to be the three main dimensions of analysis of the crisis and of its resolution in one direction or in the other.

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The first dimension concerns history. Without it, we could not understand how the transformation of Europe into a post-national system corresponds with actual trends, irreducible to a ‘project’ or to a ‘plan’. Nor could we understand why its form and its outcome remain so uncertain. Let us insist on two facts, one which is well known to historians; the other underestimated in the debates between the advocates and the opponents of federalism, and particularly when they confine themselves to the level of Europe’s juridical architecture.

The history of European construction is long enough to have traversed many distinct phases or stages, each tightly linked to the transformations of the “world-system”.<sup>1</sup> It is convenient to identify them by way of the

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1 Immanuel Wallerstein, *World-Systems Analysis: An Introduction*

correspondence between the successive extensions of the European system and the growing complexity of the institutions that ensure its integrity while managing the unstable equilibrium between national sovereignty and communal governance. There are, arguably, three stages: the first stage, from the European Coal and Steel Community (ECSC) to the aftermath of the 1968 events and the oil crisis (without forgetting Richard Nixon's shock assault against the Bretton Woods system);<sup>2</sup> the second stage, from the early 1970s to the fall of the Soviet Union and the German reunification in 1990; finally, the last stage, from the Eastward growth to the crisis generated by the bursting of the American speculative bubble in 2007 and, in Europe, the sovereign defaulting of Greece which was averted at the last moment under well-known circumstances in 2010.

Does the current moment signify the beginning of a new phase? I do think so, even if the tensions that we are observing are only the consequence of a forced entry into globalization, which has dominated the politics of the community for twenty years – or perhaps for this very reason: these national and social tensions have reached a rupture point. A period of uncertainty and of fluctuation has begun and with it the possibility of a new crossing, the terms of which are unpredictable.

Whence the importance of the second point, for it is mistaken to believe that the evolution of the European construction follows a linear path, the sole variables of which would be advancement, or lateness, with regard to the “project”. On the contrary, each stage has involved a conflict between many paths.

The initial stage, after 1945, belongs to the Cold War context, as well as to the reconstruction of industrial systems and the institution of social security regimes in Western Europe. It includes a strong tension between the integration to the American sphere of influence and the search for a geopolitical and geo-economical rebirth of Europe (which goes together, in fact, with the perfecting of the European social model). It is this second vector that, in a capitalistic frame, of course, practically prevails.

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(Durham: Duke University Press, 2004).

2 In the Bretton Woods system (1946-1971) the value of the U.S. dollar was indexed to gold, whereas other currencies were indexed to the dollar. In August 1971, President Nixon decided to abolish the convertibility of the dollar into gold.

The same goes for the more recent phase, with an inverted result, which does not benefit American hegemony, today on the decline, but rather the incorporation into globalized finance capital. The decisive contest took place in Germany, where Chancellor Gerhard Schröder (1998-2005) ultimately opted for industrial competitiveness by way of low wages.

The determining question has to do with understanding how these choices were made, how they operated; how the balance of forces was transformed in the intermediary phase, that of the Franco-German axis and the “Great Commission” presided by Jacques Delors (1985-1995). It is at that moment that the project emerged of a joint, supranational advance, with the creation of a unified currency and the development of “social Europe”, both of which were supposed to constitute the pillars of the “great market”. One knows now that the former became the central institution of the Union (even if some member states do not participate in it), whereas the latter has been reduced to managing the formal arrangements of labor law. We need a detailed history of this turnaround, which would reveal the individual responsibilities, but also the objective political causes – among which, besides the neoliberal pressures, one should not forget the inability of the European labor unions to weigh in on communal decisions, rooted as they were in the provincialism of their sections as much as in the imbalance of forces, at a time of growing delocalizations. This is an important lesson for the future.

*The European construction always provides alternatives. But the possibility of seizing upon them is contingent on forces and on projects that are not always available.*

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The second dimension is the economy, although this must be understood to include the entirety of its determinations. This means, first, that there is no economy free of a social dimension or of the partisan choices made: for or against such structures of inequality and of investments; for or against such modes of social relations in the business sector or with regard to consumption; for or against the protection of the workers and their qualifications with regard to the vagaries of flexibility. Consequently, there is no separation between economy and politics: because no politics can be defined independently of economic constraints, something which anybody can readily admit, but also because there is no economy that is not at the same time a collection of (collective) choices and the result of a balance of forces.

It is this very equation that the neoliberal discourse constantly denies, in the name of the idea that “there is no alternative” to the demands of financial profit. But this discourse is precisely the instrument of a balance of forces. A few decades after it became operative, through the pressure of the markets, the conversion of governments to the “politics of offer” and the concerted action of the European Commission, one can now witness its effects. They have brought European society to the edge of an explosion, its population to despair, without providing thereby any real improvement to the economy on the stage of international competition.

Let us try to be more precise. One of the sources of profit for capital in Europe today has taken a particular form, which some Marxists have called “accumulation through dispossession”, although the resources thus targeted are no longer traditional “common goods” or individual property.<sup>3</sup> They rather consist of a collection of rights and access to public services that form “social property”.<sup>4</sup>

Since the end of the nineteenth century, class struggles and social politics ensured for the working classes a living standard that was above the minimum defined by a “free and unbiased competition”, and that presupposed a certain limitation of social inequalities. Today, we witness a double movement in the opposite direction in the name of competitiveness and the control of public debt. One must diminish the real wages of labor and render it precarious in order to make it more “competitive”, while continuing to develop mass consumption, drawing on the purchasing power of the wage earners or rather on their capacity for debt. One can no doubt imagine the “zoning” strategies, the mechanisms of social or generational differentiation, that permit deferring the bursting of the contradiction between these incompatible objectives. Ultimately, the contradiction can only grow more serious, not to mention the systemic risks that are carried by a debt economy.

European integration is thus oriented toward a quasi-constitutional neoliberalism, which has a further consequence, undermining its own political and moral conditions. The possibility of overcoming historical antagonisms in a postnational construction, where sovereignty is shared, presupposed

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3 David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2003).

4 Robert Castel & Claudine Haroche, *Propriété privée, propriété sociale, propriété de soi* (Paris: Fayard, 2001).

the tendentious convergence of states, from the triple perspective of the complementarity of their capacities, the equalization of their resources, and the mutual recognition of their rights. Yet the triumph of the principle of competition has generated a continuous aggravation of disparities. In lieu of a co-development of the regions of Europe, we witness a polarization that has been dramatically sharpened with the crisis. The distribution of industrial capacities, of employment and of opportunities for success, of means of education, is increasingly unequal. In fact, when observing the trajectory on the whole of the continent since 1945, one could say that a great divide between the North and the South has now replaced the East-West divide. And though this separation does not materialize in a wall, it does entail a unilateral drain of resources.

What is the role taken by Germany in this system founded on unequal development? It was possible to predict that unification, after half a century of partition, would lead to a resurgence of nationalism. Equally foreseeable was the reconstitution of a *Mittleuropa* in which German business and subcontractors were able to benefit the most from the resources of a workforce “of low wages and high technological capacity”, and that this would produce a competitive advantage in relation to other European countries.<sup>5</sup> What could have been avoided was for these two factors to be transformed into political hegemony (however “reluctant”, as it is fashionable to maintain).<sup>6</sup>

Because of the central position Germany has successfully come to occupy between the use of the European economy’s resources, or even its weaknesses (such as the possibility of borrowing at negative rates on the financial markets, which is compensated by the high rates of other European countries), and the specialization of its industry toward export outside of Europe. Germany thus finds itself – provisionally – at a point where the national advantages of unequal development are concentrated. All the more so because it is – relatively – less implicated than others (France, in particular) in a financialization of a neoliberal type.<sup>7</sup>

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5 Pierre-Noel Giraud, *L'Inégalité du monde. Economie du monde contemporain* (Paris: Gallimard, 1996).

6 “Europe’s Reluctant Hegemon”, *The Economist*, June 15, 2013.

7 Gérard Duménil & Dominique Lévy, *La grande bifurcation. En finir avec le néolibéralisme* (Paris: La Découverte, 2014).

But the hegemony effect has other reasons, from the absence of mechanisms of deliberation, the collective elaboration of “communal” economic policies, to the stupidity of defensive attitudes on the part of other governments (the French, in particular, who never fail to refrain from committing to alternative formulas for the development of supranational institutions). What remains nonetheless is that this hegemony effect adds to the divide between the “Europe of the rich” and the “Europe of the poor”. It is now a part of the structural obstacles to the European construction. The concern regularly attributed to Chancellor Merkel for “reviving Europe” will not change anything about that. Europe’s “German question” is going to linger.

Yet, from the perspective of the ideology and the goals of neoliberalism, there is something paradoxical in the current situation. At a moment when we are witnessing conjunctural turns, when the economists of the IMF are adding their voice to the critics of austerity – which generates recession and increases the insolvency of indebted countries – it seems that, as an economic unit, Europe is one of the least likely among the world’s region to revive its activity. There is surely no simple explanation for this paradox, but one can propose a few ideological causes.

Some have to do with the projection, on the single currency, of the ordoliberal model of absolute independence for the Central Bank with regard to the goals of “real” economic policy. Other have to do with a kind of bad conscience of the governing European classes who, after having conceded more than others to public policies of a Keynesian type, now perceive any revival of the economy by way of demand and the rise of living standards for the popular classes as the mortal danger of a fall back into the logic of “social” capitalism.

Finally, I believe we should not discount a calculation of another kind, a more sinister one, which is illustrated by the obstinacy with which the dismantlement and the colonization of the Greek economy have been pursued under the pretext of “structural reforms”. This is the idea that, however negative the consequences of austerity and of monetarism with regard to general prosperity may be, they nonetheless prepare the conditions for increased profit at least in the case of some investments (or capital): those that, whether “European” or not, have already been broadly deterritorialized and that could instantaneously delocalize their activities from one site to another. Of course, such calculation is only politically viable as long as the “creative destruction” does not affect too deeply the social bond and the cohesion of dominant nations, something that is by no means guaranteed.

*Applied to Europe, the neoliberal project does not bring about the transformation of its object: it tends toward its disappearance.*

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What precedes already explains how the dimensions of the crisis are combining to bring the European construction toward a tipping point that includes the virtual image of a new phase, but according to orientations that are radically incompatible with each other. However, neither the crystallization of the conflict, nor its evolution is possible outside of a political space of confrontation and of representation. Clearly, they depend on the way in which the double problem of legitimacy and of democracy will be resolved. This is the third dimension upon which I wish to insist. How to broach it in a realistic manner?

We must first let go of the false debate between “sovereignist” and “federalist” discourse, which is really based on an opposition between two equally imaginary situations: on the one hand, the idea of national, as it were, natural communities, to which it would always be possible to return in order to ground the legitimacy of institutions in the expression of the general will. On the other hand, the idea of a virtual, European *demos*, as if summoned to constitute itself and express itself out of the fact that there exists a representative structure at the supranational level.

The first idea not only abstracts from the conditions under which national sovereignty translates a power, for the majority of people, to influence the choices of their governments. It also fosters the fiction of an unchanged legitimacy for the nation-state as the only frame in which citizens can claim their rights. Inversely, the second idea confines itself to a procedural understanding of legitimacy. It does not ask about the political processes that have effectively invested democratic representation with its constitutive function in the history of nation-states.

One must contend with the fact that, as incoherent as it may appear, the European political system is already a mixed system, where many levels of responsibility and authority exist. It is much more federal than the majority of its citizens perceive, but also less democratic than it claims to be, since the division of powers between the communal and national instances allows each of them to organize its own irresponsibility and blocks the formation of counter-powers.

This system has never been stable, but the current crisis has further destabilized it, with the emergence in its midst of a quasi-sovereign instance: the “independent” Central Bank, located at the intersection of the public finances of the states and the international financial market. The bank’s rise to prominence does not reflect the simple growth of technocracy, nor only the grip of private capital. It is rather an attempt at “revolution from the top” at a time when political power is no longer separate from economic and, above all, financial power.<sup>8</sup> The question is whether it can achieve a new regime of sovereignty, and what alternatives can be opposed to it.

Whence the second confusion that must be dispelled, with regard to the relation between legitimacy and democracy. If we confine ourselves to a realist, non-ideological definition of the legitimacy of political systems, it is not possible to pretend that the sole effective legitimacy is one conferred by democratic procedures: history demonstrates the opposite. We know that it is in situations of so-called exception that authoritarian structures of diverse types tend to claim and to obtain the delegation of powers from the populations, with or without constitutional procedure. What is nevertheless striking about the current conjecture is that the urgency of countering speculative attacks against the single currency, the related necessity of somehow regulating a financial system run amok, has not brought any new legitimacy to the Brussels Commission. Consequently, confronted with the “extraordinary” initiatives of the European Central Bank (ECB) and of its president, the governments and heads of state have been able to present themselves as the sole guardians of popular sovereignty and the rights of peoples to self-determination. Democracy has been cropped from both ends, and the political system as a whole has taken a step toward “de-democratization”.

This experience forces a look back upon the historical mechanisms and causes that sustained the privilege of nation-states with regard to the legitimation of power. In a nutshell, some of the causes point to the affective force of national or nationalist ideology, in particular – though not exclusively – in the societies that have forged their collective consciousness in the resistance to successive imperialisms aiming at the destruction of their identity and the erasure of their history.

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8 Etienne Balibar, “Union européenne: la révolution par en haut?” *Libération*, 21 November 2011.

In hindsight, another factor has acquired strategic significance, which shows both why the nation form does not possess an absolute capacity for legitimation and why the democratic legitimation of the nation state remains contingent upon social and economic conditions, not only on the forms of representative procedure or on the idea of the “sovereignty of the people”. This factor is, particularly in Western European countries, the fact of the transformation of the night-watchman state into the welfare state, which has taken the form of the constitution of a national social state, where the conquest of social rights was closely combined with the periodic reconstruction of national belonging (as was the case at the end of both world wars and, in France, of the colonial wars).<sup>9</sup> This explains why the mass of citizens has seen in the nation the only frame for the community’s recognition and integration and why this civic dimension of nationality is eroded (or devolves into a “populism” founded on the exclusion of foreigners) when the state begins to function, in fact, not as the container of social citizenship but rather as the impotent spectator of its own degradation or the zealous instrument of its deconstruction.

In Europe today, therefore, the crisis of democratic legitimacy resides in the fact that national states have neither the means nor the will to defend or to renew the “social contract”, and the fact that the instances of the European Union are not predisposed to search for the forms and the contents of a social citizenship of a higher level. Still, they might be forced to do so one day by the insurrection of the populations, or by a sudden awareness of the political and moral dangers to which Europe is exposed with the conjunction of a dictatorship from “above” at the hands of the financial markets and by an anti-political discontentment fed from “below” by the precarization of living conditions, the contempt for work, and the plundering of future perspectives.

But the description of this impasse also includes some lessons, however tenuous, with regard to a possible exit route. Whatever the hardships of the time and the bitterness growing out of missed opportunities, one can hope that the pessimism of experience does not completely abolish the resources of the imagination – which also proceed from a better understanding of the facts. The introduction of democratic elements in the communal institutions would already provide a counterweight to the “conservative revolution” in progress.<sup>10</sup> But it does not deliver its own political conditions. These will

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9 E. Balibar, *Equaliberty: Political Essays*, trans. James Ingram (Durham: Duke University Press, 2014).

10 Jürgen Habermas, *The Crisis of the European Union: A Response*, trans.

only come from a simultaneous push of public opinion in favor of a shift in European priorities, insisting on employment, the insertion of young generations into society, the reduction of inequalities and the equitable distribution of fiscal charges on financial profits. Such a push will only come about if social movements or moral “indignations” are strengthened across borders in order to reconstitute a dialectic of power and of opposition in the whole of European society. “Counter-democracy” must come to the rescue of democracy.<sup>11</sup>

The legitimacy of European construction cannot be decreed, nor even invented, by way of a juridical argumentation. It can only result tendentially from Europe becoming the issue and the frame of social, ideological, emotional, in short, political conflicts that concern its own future. Paradoxically, it is when Europe is contested – even violently – not in the name of a past it has put aside, but in the name of a present it is dividing and a future it can open or close, that it will become a durable political construction. A Europe likely to be governed is no doubt a democratic Europe, not an oligarchic or technocratic one. But a democratic Europe is not the expression of some abstract *demos*: it is a Europe in which popular struggles multiply and constitute an obstacle to the confiscation of the power of decision.

*Resisting de-democratization does not suffice to crystallize a historic leadership, but it is a necessary condition to “remake Europe”.*

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The current European crisis, easily described as existential because it confronts its citizens with radical choices and the question, ultimately, “to be or not to be”, has no doubt been prepared by the fact that its institutions and its powers have been systematically unbalanced, working against the possibilities of the peoples’ participation in their own history. But it was precipitated by the fact that it has deliberately stopped functioning as a space of solidarity between its members, of initiative vis-à-vis the risks of globalization. It has rather become an instrument of penetration of world competition at the heart of European space, forbidding transfers between territories and discouraging

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11 Ciaran Cronin (Cambridge: Polity, 2012).  
Pierre Rosanvallon, *Counter-Democracy: Politics in an Age of Distrust*, trans. Arthur Goldhammer (Cambridge: Cambridge University Press, 2008).

common enterprises, rejecting any harmonization “from above” of rights and living standards, making each state into a potential predator of its neighbors.

One can only escape this self-destructive spiral by replacing one competition with another – by substituting for the competition of wages, for instance, for the tax regimes and the borrowing rates, a competition for devaluation, as some advocates of a return to national currencies have proposed.<sup>12</sup> One can only escape by way of invention and the stubborn proposition of another Europe than the Europe of bankers, of technocrats and of political profiteers. A Europe of conflicts between antithetical models of society, not between nations in search of their lost identities. A Europe of global justice, capable of inventing for itself and of proposing to the world revolutionary development strategies and broader forms of collective participation – but capable also of receiving them and adapting them to its own usage if it so happened that they were formulated elsewhere. A Europe of peoples, that is, *of* the people and the citizens that make it.

Translated by Gil Anidjar

**Etienne Balibar** is currently Emeritus Professor of Philosophy at Université Paris-Nanterre and Emeritus Professor of Humanities at UC Irvine, Visiting Professor (French and Comp Lit) at Columbia (2012-2014). His publications include: *Reading Capital* (with Louis Althusser and al., Verso, 1965); *Race, Nation, Class* (with Immanuel Wallerstein, Verso, 1988); *We, The People of Europe? Reflections on Transnational Citizenship* (Princeton University Press, 2003); *Identity and Difference: John Locke and the Invention of Consciousness* (Verso, 2013).

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12 See e.g., Jacques Sapir, *Faut-il sortir de l'euro?* (Paris: Seuil, 2012).