TOWARDS AN AUTHORITARIAN STATE? AUSTERITY POLITICS AND THE TRANSFORMATION OF THE EUROPEAN UNION

INSTITUTE FOR INTERNATIONAL POLITICAL ECONOMY
HOCHSCHULE FÜR WIRTSCHAFT UND RECHT
11.11.2015

LUKAS OBERNDORFER

AUTHORITARIAN TENDENCIES IN THE EUROPEAN CRISIS POLICIES

- 2011 Proposal for a New Economic Governance for the EU and economic adjustment program for Greece: Analyses -> Deepening of neoliberalism through authoritarian methods.
- AkG-Conference 2011: Thesis drawing from Nicos Poulantzas: New phase of European integration which can be coined as authoritarian competitive statism (ACS). What does this mean?:

"My thesis is that the 'New Economic Governance' is a crucial move in the search for a new mode of European integration. Though its precise shape cannot be determined yet, some contours are already visible: the **multiple crises of capitalism** are dealt with through **massive intervention by the European Ensemble of State Apparatuses**. This ensemble, however, is **considerably more fragmented and contradictory than national states**. In the face of the EU's continued **competitive world market integration**, which is both internally and externally oriented, and in the face of the simultaneous **erosion of the neoliberal consensus**, the **centripetal forces of repressive domination techniques** appear as an attractive solution. The new mode of integration that is taking shape can therefore be described as *authoritarian competitive statism*." Oberndorfer 2012



GREECE: DEFINITION OF AUTHORITARIAN COMPETITIVE STATISM

■ **Euro Summit Statement (12.7.2015)** gives a much **shorter definition of ACS**:

"The [Greek] government needs to consult and agree with the Institutions on all draft legislation in relevant areas with adequate time before submitting it for public consultation or to Parliament."

- Authoritarian turn surfaces: European Ensemble of State
 Apparatuses not a parliament decides about the living conditions of the Greek people: Hashtags #ThisIsACoup & #ThisIsNotMyEurope trending on 12/13.7.2015 -> Paul Krugmann
- □ Financial Times: "Moreover, a bailout on the terms set out in Brussels risks turning the **relationship** with **Greece** into one akin to that between a **colonial overlord and its vassal**." (13.7.2015).

LANGUAGE OF THE MEMORANDA OF UNDERSTANDING

■ MoU 3.5.2010 (1st bail-out):

"The authorities <u>commit to consult</u> with the European Commission, the ECB and the IMF on adoption of policies that are not consistent with this memorandum.."

■ MoU 9.2.2012 (2nd bail-out):

"Greece <u>commits to consult</u> with the European Commission, the ECB and the IMF staff on the adoption of policies falling within the scope of this Memorandum allowing sufficient time for review."

■ MoU 11.8.2015 (3rd bail-out):

"The Government commits to <u>consult and agree</u> with the European Commission, the ECB and the IMF on all actions relevant for the achievement of the objectives of the Memorandum of Understanding <u>before these are finalized and legally adopted</u>."

WHAT DOES AUTHORITARIAN COMPETITIVE STATISM MEAN?

- Varoufakis Interview (NewStatesman) about the decision of the Eurogroup not to extend the program, 27th June 2015 (pretense for cutting the liquidity for Greece): "When Dijsselbloem tried to issue the communiqué without me, I consulted the Eurogroup clerks could Dijsselbloem exclude a member state? [...] After a handful of calls, a lawyer turned to me and said, "Well, the Eurogroup does not exist in law, there is no treaty which has convened this group."
- □ Does the Eurogroup really not exist in the EU Treaties?: Protocol No. 14 on the Euro Group, Art 1: "The Ministers of the Member States whose currency is the euro shall meet informally." Exists in law but has no decision-making-power.
- □ Eurogroup takes crucial decisions **without any legal decision making power** (equalling a state of emergency).

WHAT DOES AUTHORITARIAN COMPETITIVE STATISM MEAN?

- □ **Varoufakis:** "What we have is a informal group that has the greatest power to determine the lives of Europeans. [...] decisions of almost life and death, and no member has to answer to anybody."
- □ Statement of Euro Summit & incident in the Eurogroup **graphically illustrate** developments, that Poulantzas describes in his book "State Theory" (1978) with the notion of authoritarian statism.
- □ Taking into consideration the **Europeanization of the state**, the developments in European policies since 2011 can be described as **authoritarian competitive statism (ACS).**
- But let's start with what Poulantzas described 1978 against the backdrop of the last big crisis of capitalism **as the authoritarian turn in the nation state** (fordist crisis/implementation of neoliberalism):

FEATURES OF AUTHORITARIAN STATISM: NICOS POULANTZAS, STATE-THEORY (1978)



- 1) Dramatic decadence of representative democracy and the strengthening of the executive branch. This process is manifested in the downgrading of those political arenas whose 'structural selectivity' (cf. Poulantzas, 1978/2000: 134), used to be more favourable to the subaltern.
- **2) Erosion of crucial categories of the legal form:** The state's new role is to solve, in ever quicker succession and on behalf of the dominant capital fractions, the various crisis moments through **specific** *executive* **regulations** which **equal a state of emergency.**
- 3) State is developing **new "institutional** *dispositifs* **of prevention":** "Establishment of an entire institutional structure serving to **prevent a rise in popular struggles** and the danger which that holds for class hegemony."

FEATURES OF AUTHORITARIAN STATISM: NICOS POULANTZAS, STATE-THEORY (1978)



4) Multiple **restrictions of the "so called" formal rights & fundamental freedoms**, "that one only learns to appreciate once they are going overboard" (Poulantzas, 2000: 203-4).

What is the background to the fact, that the theory of Nicos Poulantzas seems so topical and up to date to analyse the current developments?

- Poulantzas was **writing against the backdrop of the the last big crisis** of **capitalism**, which was resembling the current crisis (double-dip; stagnation; analysing the political repercussions)
- Poulantzas could not foresee **the "euphoric phase of neoliberalism"** built on at least passive consensus (Bieling). In the moment were the neoliberal mode of integration is in a deep crisis, his theory gets re-actualised.

THE EUROPEANISATION OF THE STATE: ENSEMBLE OF STATE APPARTUSES

- BUT: Even though Poulantzas anticipated the transnationalisation of capital, he could not foresee the Europeanization of the state
- □ What does the **European Ensemble of State Apparatuses** (Buckel/ Kannankulam/Wissel) mean? -> The deep integration and the development of an **European relationship of forces through**:
 - European commodity and production chains
 - common currency
 - **European "constitution".**

which intensely **interlinks national and European institutions** ≠ EU vs. MS

□ This **Ensemble is** since the mid of the 1980ties **dominated** by a *transnational neoliberal project*, which consists amongst others out of national and European trade associations, the financial industry, national ministries of finance and economy, the DG for Economic and Financial Affairs of the European Commission, neoliberal heads of government and the ECB.

THE SPATIAL-MATRIX OF AUTHORITARIAN COMPETITIVE STATISM

Integration of the national institutions into the European Ensemble of State Apparatuses means also that the "dispositifs of prevention" (against popular struggles and the challenging of neoliberalism) are erected in the current crisis on different scales

- *National scale:* Proliferation of direct repression and decreeing of new repressive police laws (strongly parallel to the uneven and combined development of the crisis and the protest) " (Dopplinger/Kretschmann 2014; Petzold/Pichl 2013; Adensamer/Sagmeister 2015). This process has been put in a nutshell by the Catalonian minister of inner affairs (2012): "We need new laws that make people more frightened of the system."
- On the *European* scale: landslide of economic instruments to enforce neoliberal economics (since 2011) in order to evade popular-democratic controls. Barroso 2012: "silent revolution".

THE SPATIAL-MATRIX OF AUTHORITARIAN COMPETITIVE STATISM

Integration of the national institutions into the European Ensemble of State Apparatuses means also that the "dispositifs of prevention" (against popular struggles and the challenging of neoliberalism) are erected in the current crisis on different scales

- *National scale:* Proliferation of direct repression and decreeing of new repressive police laws (strongly parallel to the uneven and combined development of the crisis and the protest) " (Dopplinger/Kretschmann 2014; Petzold/Pichl 2013; Adensamer/Sagmeister 2015). This process has been put in a nutshell by the Catalonian minister of inner affairs (2012): "We need new laws that make people more frightened of the system."
- On the *European* scale: landslide of economic instruments to enforce neoliberal economics (since 2011) in order to evade popular-democratic controls. Barroso 2012: "silent revolution".

PRIME EXAMPLE FOR THE REPRESSIVE RECONFIGURATION ON THE NATIONAL SCALE: SPAIN – LA LEY MORDAZA (GAG-LAW) 2015 (CACERES/OBERNDORFER 2013)

"laws that make people more frightened of the system...": Ley Mordaza

- **Fines up to 30.000** € for blocking forced evictions; climbing on buildings or monuments for fixing banners; demonstrations that result in "serious disturbances of public safety"; sharing pictures of the police if they "endanger the personal safety of agents or their families and protected facilities, or puts the outcome of an operation at risk"
- **□ Fines up to 600.000 €** for unlicensed demonstrations outside the parliament or near key infrastructure
- □ Legislation also **formalises the practice of summary returns of refugees** to Morocco from Ceuta/Melilla of migrants who are caught attempting to jump the triple razor wire fence at the borders.
- --> Open contradictions with the European Convention on Human Rights

PRIME EXAMPLE FOR THE REPRESSIVE RECONFIGURATION ON THE NATIONAL SCALE: SPAIN – LA LEY MORDAZA (GAG-LAW)

- **Miguel Ángel Soto, Greenpeace** (case in court over a 2011 demonstration held at a nuclear power plant in Valencia):. "It's our right to express our opinion, to march to parliament, to go to nuclear power plants to say that they are dangerous or unfurl a banner on a building or street."
- □ **Carlos Macias of the Mortgage Victims' Platform (PAH)** "The law will criminalise and penalise the actions of the movements for the right to housing."
- UN- High Commissioner for Human Rights, report 2/2015: "The so-called 'gag law' violates the very essence of the right to assembly since it penalizes a wide range of actions and behaviours that are essential for the exercise of this fundamental right, thus sharply limiting its exercise."

La Ley Mordaza – The New Gag Law in Spain



THE SPATIAL-MATRIX OF AUTHORITARIAN COMPETITIVE STATISM

Integration of the national institutions into the European Ensemble of State Apparatuses means also that the "dispositifs of prevention" (against popular struggles and the challenging of neoliberalism) are erected in the current crisis on different scales

- *National scale:* Proliferation of direct repression and decreeing of new repressive police laws (strongly parallel to the uneven and combined development of the crisis and the protest) " (Dopplinger/Kretschmann 2014; Petzold/Pichl 2013; Adensamer/Sagmeister 2015). This process has been put in a nutshell by the Catalonian minister of inner affairs (2012): "We need new laws that make people more frightened of the system."
- On the *European* scale: landslide of economic instruments to enforce neoliberal economics (since 2011) in order to evade popular-democratic controls. Barroso 2012: "silent revolution".

INSTITUTIONAL DISPOSITIFS OF PREVENTION ON THE EUROPEAN SCALE

- □ Conditionality of the Troika (Memoranda of Understanding, **2010)**: Austerity and competiveness trough internal devaluation
- □ Conditionality of the ECB for buying government bonds (2011): Letters to governments (Spain, Italy...)
 - Italy 2011 yields/10y: 6,2%;
 - Conditionality for buying Italian bonds: privatize public services; break up collective wage bargaining system through more firm-level agreements; make dismissal of employees easier); balance budget "mainly via expenditure cuts"; reduce wages in the public sector
 - This reforms should be passed through executive decreelaws (based on a state of emergency)

INSTITUTIONAL DISPOSITIFS OF PREVENTION ON THE EUROPEAN SCALE

■New Economic Governance:

"Six-pack" (2011):

- > Aggravation of the rules for budget discipline
- Macroeconomic Imbalance Procedure (internal devaluation through wage dumping and the flexibilisation of the labor market)

"Two-pack" (2013):

- "Approval" of budget plans through the Commission
- □ **Fiscal Compact (2012):** Installation of debt brakes into national law; automatic correction mechanism
- □ **Five Presidents' report (June 2015)**: Competitiveness boards with a central role in the wage-setting process

AUTHORITARIAN PATTERN OF THE CRISIS INSTRUMENTS / OF AUTHORITARIAN COMPETITIVE STATISM

- □ A wide range of the mentioned instruments has **no adequate legal basis** and could only be **established** through the partial suspension of the **European constitution** (European treaties) (-> **Authoritarian Constitutionalism**).
- Measures **weaken the parliaments** on the different scales. Institutions where the subaltern were/are still able to **assert their** interests *comparatively* **easy**.
- □ National *and* European executives are strengthened. Those apparatuses whose configuration is particularly neoliberal and masculinist: the national finance ministries/ ECOFIN, and DG ECFIN (Directorate General for Economic & Financial Affairs)
- -> The central axis of conflict in ACS: not EU vs. national state, but executive apparatuses vs. (formal) democracy.

THE CRISIS OF HEGEMONY OF THE NEOLIBERAL MODE OF INTEGRATION

- What is the backdrop to Authoritarian Competitive Statism?: The deep crisis of hegemony of the neoliberal mode of integration (Patrick Ziltener)
- Hegemony (Antonio Gramsci): Modern government in states of the the economic center is not only built on repression but also on consensus (communicating technologies of government)
- The unfolding **crisis of capitalism in Europe** has **blocked central means** to **produce consensus in a financialised economy**. As a result, the present, **neoliberal mode of integration**, is sliding into an ever deeper crisis of hegemony.

CRISIS OF HEGEMONY OF THE NEOLIBERAL MODE OF INTEGRATION

- Because of the erosion of consensus, it seems that the continuation of neoliberalism can only be accomplished through an **increased** amount of coercion.
- only 'dominant', exercising coercive force alone, this means precisely that the great masses have become detached from their traditional ideologies, and no longer believe what they used to believe previously. The crisis consists in the fact that the old is dying and the new cannot be born [...]." Gramsci, 1971: 275-Z
- Open situation: reactionary or emancipatory development?

CRISIS OF HEGEMONY OF THE NEOLIBERAL MODE OF INTEGRATION

- Mr Tusk said he was concerned about Greece, which he believes was advocating "this radical leftist illusion that you can build some alternative". (...) For me, the atmosphere is a little similar to the time after 1968 in Europe," he said. (...) I can feel, maybe not a revolutionary mood, but something like widespread impatience. When impatience becomes not an individual but a social experience of feeling, this is the introduction for revolutions.", Interview with the FT, 16. July 2015
- Consensus due to Gramsci is built through material concessions to the subaltern and through the development of a worldview (ideology)

STRATEGIES TO PRODUCE CONSENSUS FOR NEOLIBERAL INTEGRATION I: MATERIAL CONCESSIONS

The **three main** *neoliberal* strategies to **keep demand up** and thereby provide the **working classes** with at least a **certain amount of material concessions** were:

- An increase of public debt.
- □ The **expansion of private debt** (prime example Spain).
- The **externalisation of the problem of demand** through internal devaluation in the economic core of Europe and further borrowing in the economic periphery (prime example Germany-Greece).

All this strategies where mediated through the **financialisation of economy**, **state and society**.

Since the crisis these strands for keeping demand up <u>without</u> redistributing wealth <u>are more or less</u> blocked. Bank bailouts and the recession further reduced the scope for material concessions. -> Austerity

STRATEGIES TO PRODUCE CONSENSUS FOR NEOLIBERAL INTEGRATION II: FIELD OF IDEOLOGY

The crisis in **Europe** is taking the shine off from **those projects** that were implemented in 1980ties and 90ties and **condensed to the neoliberal mode of integration**:

Those projects were:

- ☐ The **Economic and Monetary Union**
- □ The **liberalisation of markets** including the financial markets
- □ And the **peripheral integration** of southern and eastern Europe.

But 7 years after the crisis...

Confidence in the Euro?

Financial markets providing proper pensions payments?

In the south and east: believe in the narrative of being uplifted through the dominant way of being integrated into the EU?

AUTHORITARIAN COMPETITIVE- STATISM: STRENGTHENING-WEAKENING OF THE STATE

□ Erosion of consensus:

- -> Social movements: a renaissance of struggles in Europe which is associated with Syntagma square in Athens and the Puerta del Sol in Madrid. This shows that opposition has ignited strongly parallel to the unequal but combined development of European capitalism. But even in the economic core there is a small conjuncture of struggles for example the attempt to blockupy the ECB or the rise of strike movements in Germany in the last years.
- -> New progressive political/state projects: Greece, spanish municipalities, Labour-Party UK, Portugal,...

AUTHORITARIAN COMPETITIVE- STATISM: STRENGTHENING-WEAKENING OF THE STATE

- Level of the social movements: "Authoritarian (competitive) statism is itself partially responsible for creating new forms of popular struggle. In every country with which we are concerned, we can see the emergence of struggles that have in view the exercise of direct, rank and file democracy. (...) Not only does authoritarian (competitive) statism fail to enclose the masses into its disciplinary web (...) it actually provokes a veritable explosion of democratic demands." Nicos Poulantzas State-Theory (1978)
- Level of the political/state projects: "The current phase is characterized by a sharpening of the generic elements of political crisis a sharpening which is itself articulated to the economic crisis of capitalism.

 Authoritarian statism appears also as the result of, and as a response to, the sharpening of these elements of the crisis. But in certain European countries, we are witnessing a (...) a crisis of the state. (...) This state crisis also offers the Left new objective possibilities of a democratic transition.", Nicos Poulantzas, State-Theory (1978) 206

CONCLUDING THESES I

- The deep crisis of the hegemony of neoliberalism results in the fact, that the **current distribution of wealth** and the neoliberal orientation of economic policies can only be defended **through an (ever) increasing amount of repression and through partial ruptures with formal democracy**.
- A precise analyses of these development is important for **defending formal democracy**. Which is an essential field in the struggle for the transformation of the state and for overcoming the "imperial mode of living" (Brand/Wissen) trough a good life for all.

CONCLUDING THESES II

- Ruptures with neoliberalism in the different spheres of society are already taking place and the crisis of hegemony makes it likely, that they will intensify: Movements (Anti-austerity; TTIP; climate change; care-work); political/state-projects (Greece, Labour-Party, Portugal...); intellectual sphere: -> intensification of ACE.
- What is missing: trans | national counter-hegemonic project consisting out of social movements, trade unions, critical NGOs, "progressive" parties and state apparatuses (national social ministries and the DG for Employment of the European Commission). The task is to speak with Poulantzas the "radical transformation" of the European Ensembles of State Apparatuses
- □ Important role **of critical/organic intellectual** (Gramsci) : producing critical knowledge, weaving connections and organizing coherence of the project.

Literature und Contact

Literature:

- A New Economic Governance through Secondary Legislation? Analysis and Constitutional Assessment, in Bruun, Lörcher, Schömann (Eds) The Economic and Financial Crisis and Collective Labour Law in Europe (2014), Hart-Publishing
- Oberndorfer, Hegemoniekrise in Europa Auf dem Weg zu einem autoritären Wettbewerbsetatismus?, in Die EU in der Krise (2012)
- Oberndorfer, Die Renaissance des autoritären Liberalismus?, PROKLA 168, 2012

All are online under: http://homepage.univie.ac.at/lukas.oberndorfer

■ Following Microblog:

www.facebook.com/lukas.oberndorfer
https://twitter.com/L_Oberndorfer