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THE INTERNATIONAL ECONOMIC CRISIS: The end of political autonomy in Europe?

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The international economic crisis: Internal political consequences

The international economic crisis, as we know it at present (Spring 2012), is not the first great crisis, nor is it the first to have given rise to enormous social costs. We have undergone crises in 1929, 1973, 1979, 1994, and now this one. They have all taken different shapes: in 1929 the crisis was financial and its negative social consequences in the United States (and later in Europe) were tremendous; the 1973 and 1979 crisis were related to oil production and in general to oil dependency and cost of energy. The current crisis (2008-20??) is more complicated, it is financially overdetermined, and its social costs are and will continue to be considerable. And it is interesting to compare another variant. To what extent has each of them had political consequences, and in what way? More concretely, what effect have these crises had on States and more generically on the political systems of their times? Everything would seem to indicate that this is the determining factor in differentiating the current crisis from its predecessors, because what is in play is a potential revision not only of

one social service or another, or one revision or another of the economic costs based on the Social State. What is in play, in an unequal way--naturally this can vary from one country to another--is the relationship between society and politics as we have come to know it in the last five decades, and the hypotheses that can emerge range from the most relatively optimistic to the most pessimistic. What underlies this indeterminacy, this inability to "be proactive"? It is simply the absence of data to carry out a minimally reliable preventive action that will allow for a sensible orientation of political and economic decisions.

The international economic and financial crisis has taken up residence in our time, how long it will last is unforeseeable and, above all, there is tremendous uncertainty regarding what the world will look like the day after, in what way a number of things will have changed, and I am not referring only to the economy.

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A serious phenomenon has been developing concurrently: the growing disaffection of the citizenry toward politics, the diffuse culture of the abyss between "us" (citizens) and "them" (politicians), with the additives "they're all the same", based on well-founded arguments derived from the proliferation of cases of corruption, patronage, and revolving door policies among the elites, etc.

How will the relationship between society and politics change, how will social interests be represented, and the cleavages that fragment all societies? The culture of fatalism is another outcome of the product known as the crisis. Is it here to stay? This would mean the end of the autonomy of politics as a form of collective action.

The excuse of the exigencies of the global macroeconomic dynamic may be generating the loss of the public sphere, the erosion of the hard core of politics in European political systems. In this regard, the contribution of the deceased Tony Judt bears mentioning, as the conclusions to two of his last observations remind us:

"When the economy, and the forces and patterns of behavior that accompany it, are truly international, the only institution that can effectively interpose itself between those forces and the

unprotected individuals is the national state. Such states are all that can stand between their citizens and the unrestricted, unrepresentative, unlegitimated capacities of markets... all those unregulated processes over which individuals and communities have no control".¹

Indeed, among other things, Tony Judt reminds us that in the current situation what is at stake more than ever is the *Social and Democratic Rule of Law* version of the State, both in its internal and international--"outwards"--version. Its internal function because to continue defending "less State and more market", or its "invisible hand that regulates everything with criteria of efficiency and rationality" variable, is a tasteless joke. Its external function as well because one of the key questions in this crisis (in comparison with the 20th century versions) is this: the world as a complex international system has become qualitatively more complex to unprecedented extremes, and it is not enough to invoke the mantra of "globalization", "emerging powers", "China, India and Brazil", or "the displacement of the center of gravity from Europe to Asia and the Pacific". This is all relevant, but the construction of a political theory (which includes the State-Society relationship as adapted to our times) requires more than three or four buzzwords.

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What needs to be reviewed and rethought?

One point of departure is to take note of the growing gap between the real present-day performance of the world economy, and of its internal consequences (employment, research, consumption, growth) in each country, and the structural immobility of our political systems. The former has changed, a great deal, but above all we sense this, or consider it clear and evident, but no one--or very few--seems to be in a position to explain it in a *complete* and convincing way. The latter is even more striking.

Our governments, our electoral processes, our political parties, the functioning of our parliaments, the general complexity of our legislative and normative procedures, all these things, function according to the same formal mechanisms of the last sixty, eighty or one hundred years. This disparity between "economic processes" that spin about like free electrons, and our political systems based on institutional mechanisms from another century, generate a number of reactions in our societies. One of them affirms that indeed this is the case, and it is inevitable, just as inevitable as the limited life of the sun (5 billion years) and hence there is nothing we

can do about it. So, at most we have to try to *adapt*, just as we must adapt to climate change.

A second reaction derives from a phenomenon that has been developing concurrently: the growing disaffection of the citizenry toward politics, the diffuse culture of the abyss between "us" (citizens) and "them" (politicians), with the additives "they're all the same", based on well-founded arguments derived from the proliferation of cases of corruption, patronage, and revolving door policies among the elites, etc.

A third issue to bear in mind is the dual phenomenon of the acceleration of the political temps, and its causal relationship with the "dictatorship of the media". Public decision-making has been accelerated by the compression of the time of analysis, reflection and debate, and the dictatorship of the "message" is no longer just the dictatorship of form over content, but also of brevity over analysis, superficiality over strategy, and the buzzword over the platform. In Western Europe from 2008 to the present, just after the French presidential elections (with a potential for great transcendence on a European scale) and between the two electoral turns of a dismasted Greece, furnish interesting fodder for reflection. For example, in Spring 2012, the *indignados* movement, similar

to the #Occupy movement, took off in Spain in a spectacular way and went on for a month and a half. During the week in which the most rallies and demonstrations took place in forty cities throughout the country, the number of persons mobilized at the

same time reached approximately two hundred eighty thousand, but in the subsequent general elections were won by the Popular Party (conservatives) with an absolute majority, leading the PSOE (socialists) to their worst results since 1977, some twenty-five million people voted. Resigned, indignant, skeptical (most likely), but this is relatively secondary: they cast their votes. That is, the crisis may have eroded the quality of representative democracy, and the collective state of mind of individuals with regard to the political regime they inhabit, but it has not modified in a sustained way the spinal column of representative democracy, which at this point in time does not seem to have a replacement waiting on the horizon.

Is there a loss of sovereignty?

With a certain sense of alarm, Josep Maria Colomer, Professor of Political Science, predicts "The End of State Democracy"², developing a surprising contention. As he puts it, "the fact that a member State of the European Union has right-wing or left-wing parties in the Government does not make a tremendous difference, in practice. It is the European Union (EU), or at least a small leadership group that has arisen recently around the Presidency of the European Council, which has

1. Tony Judt, *Reappraisals*, p. 424, Londres, 2009. The quote reflects Judt's thoughts as expressed throughout his late work, in both *Reappraisals* and *Ill Fares the Land* (2010).

2. Josep Maria Colomer, "El fin de la democracia estatal", *El país*, 2/03/2012.

taken control of the most basic and traditional tasks of state governments. The opportunity that has arisen as a result of the current financial and economic crisis is putting the last touches on the loss of sovereignty of the States. And if there is no State, naturally there is no state democracy. The idea that it is this crisis that may have provoked the *disappearance* of the sovereignty of the State is absurd. It can be argued, for example, that State sovereignty has been undergoing *erosion*, or has found itself *limited in its functions* by external constraints, and both external (supranational) and internal (financial groups, for example) *de facto* powers. But their *formal* exercise of *sovereignty* continues to be intact, and there is no hypothesis of a replacement at the current time. And it is only the states, in the final analysis, which can and must make formal decisions applicable to all. The debate on the reform (or not) of the Treaty of the Union, or the new Treaty regarding economic and fiscal discipline (2012) are proof of this. But Professor Colomer is correct when he poses a core paradox: "While the adoption of binding public policies takes place more and more frequently at the EU level, the decision-makers on the European level still emerge from state elections. In order for democracy to survive and recover in Europe, accountability and the control of rulers should move from the state level to the level of the Union, where relevant decisions are already being made." True, but only partially, because this is not the only problem. In the end, the Chiefs of State and Government who make decisions in Brussels, are the product of open and competitive electoral processes, though it is true that the bureaucratic direction of the EU in many fields of public policy arises from non-elective organizations, like the European Commission. Nevertheless, the big decisions and, ultimately, the very members of the Commission are the product of negotiations and consensus between the elected officials, the heads of State and Government. Or does anyone still believe that the solution would be to elect the European Commission, the "Brussels government", by universal suffrage? In contrast, many are asking themselves if the European Parliament, whose level of representativity has decreased regularly and continuously since 1979, to a European median of a mere 42%³, is salvageable.

The problem posed by Professor Colomer is real, but the root of the problem is different. The phenomena of financial speculation, by definition now entirely global and transnational, *totally* elude the capacities of normative regulation, institutional control, and accountability of all our state political systems, as well as those of the EU. To such an extreme that the EU and its States are turning into the *intermediaries* and *executors* of these speculative financial phenomena that are not

subject to legal control (whether national or supranational), which proves the thesis that it has to be this way because they (the European governments and the EU) have neither room to maneuver nor alternatives. And this is where, ultimately, politics understood as the formulation of proposals for collective action could finally run aground.

Elections: What for?/To What End?

Since 2010 there have been thirty elections in twenty-eight EU countries (plus Croatia). In twenty of these cases the ruling party lost and was replaced by another party, which means that in two thirds of these cases the voters removed the ruler from his post, despite the fact that in general it is assumed that—barring extreme cases of electoral punishment—the incumbent has a certain advantage in the control and management of the electoral calendar. Therefore, one specific inherent guide to this crisis is the generalization of electoral punishment as a sociological reflex of citizens who decide, not necessarily in the belief that the incoming government will be any better, that someone has to be held responsible for the bad situation. In Germany, for example, with no general elections on the horizon, the Party of Chancellor Angela Merkel has lost more than a half dozen elections in as many Länder (in point

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of fact, in every regional election except in Sarre). In parallel, it seems at the very least surprising that in Italy and Greece (until their recent elections in May and June), the change in government did not come about through the electoral process, but rather as a result of an external and supranational decision of some (few) powers that be: the so-called *Merkozy* + Brussels phenomenon. Even more surprising, nevertheless, in both cases, the concern for keeping up appearances has been maintained, and without general elections, they have resorted to the constitutional mechanism of the resignation of the Primer Minister, parliamentary debate, a vote on investiture, and the naming and inauguration of the new Government. There are those who pose a dual question. Why has this fact called forth furious (and lasting) social reactions in Greece, with tough confrontations in the streets of its main cities, and not in Italy, which has a long tradition of popular demonstrations on political and social issues? Are *Berlusconismo* and his scandalous behaviour responsible for this apparent lack of reaction to what technically could be defined as a *coup d'état*? Or could a sort of *collective sense of relief* be responsible? There has been some reaction in Portugal, but nothing comparable to Greece,

3. V. De Standard, as quoted by *Courrier International* n. 1116, March 2012.

and in Spain the recent general strike of March 29 was not a marginal mobilization by any means, though the “remake” of the 15M (*indignados*) movement on its first anniversary has clearly shown the limitations of the movement. How is it that in European countries with relatively common sociological traits, some do and some do not rebel?

In this context, electoral campaigns take on a grotesque air. Parties, particularly incumbent parties, confront these mid-crisis elections in very bad conditions: on the one hand they have to make the people forget they have been in power since at least 2008, even though they have numerous reasons that explain that *it is not their fault*, that is, that the causes of the crisis are external, supranational, global, market-based, globalization-based (sic); on the other they have to promise that there will be changes, that they are *the change*, or that (if their communications teams are imaginative), they are the *lesser of the evils*, that it will be worse with the others, and that what is at stake is the *welfare State*. The odd truth is that conservative parties all across Europe, whether they are facing elections from the opposition or from the government, are affirming not only that they do not wish to dismantle social

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policies, but that they are the best guarantee of its continuance. Parties in the opposition, on the one hand (and the Partido Popular in Spain in the first months of 2012 is a case in point) have to be very careful about the promises they make, not only owing to the danger of not being believed. In times of crisis demagoguery has bottomed out: the main problem in declaring what they are planning to do, is *getting the people to believe them*. This is why, the best thing for the opposition to do is to say nothing, wait for the crisis to finish undermining the outgoing Government, and pray that the latter have had to carry out the bulk of the austerity policies and social cutbacks. Even in these conditions, any proposal of “hard-core social democratic” financial or fiscal policy, like the one formulated by François Hollande to impose a 75% tax on “great fortunes”, sounds like an extravagance, even if it is not necessarily one. For example, in this regard we could hark back to Roosevelt’s tax increase, and the tax rate on fortunes of over \$100,000 (at the time) reached 90%. Sure, that was Roosevelt, and the New Deal, but Eisenhower didn’t decrease this type of tax by much, and under Nixon it was still 60%. The tax revolution in favor of the rich dates from the Reagan presidencies and their European derivative, Mrs. Thatcher. Between that and the under 20% of Warren Buffett and candidate Romney lies a spectacular stretch, but there is no reason it has to be entirely irreversible.

Yet one of the irrefutable internal consequences of the crisis resides paradoxically in the territory still remaining to the State and in general to governmental institutions (in decentralized states, be they federal or not) to execute social and budgetary cutbacks in the areas where only they can do it, even if such cutbacks have been decided on “outside”: the public sector, civil servants, public-private enterprises, and the social policies that by definition cannot be carried out (only) on the basis of cost-benefit criteria, such as health and education. Here, the balance is dismal (above all in Greece, Portugal, Spain and, to a great extent, Italy), politics understood as collective action finds itself reduced to simple revolt as an expression of collective social rejection, and politics as a governmental activity finds itself reduced to the *systemic management of a shipwreck*. Revolt, not revolution, protest, not proposals. And what grows and develops as a result is *antipolitics*, which ultimately defines the *Indignados* movement as objectively paradoxical.

“Indifference, the worst attitude of all”

The current crisis was not caused by the sanitation workers or public school teachers, nor by the people laid off by one or another multinational enterprise. It is a world crisis originated by financial bad practices that has unleashed a chain cataclysm, from the top down, in such a way that the inevitable traumatic measures end up accumulating on the lower echelons. Perhaps the expression “poor people”,

in the sense it had in 1890s Europe, is excessive, but the exploited person of today is the ordinary *taxpayer*, the citizen who cannot—whether he likes it or not—twist the accounting system to his advantage and who bears the brunt of the crisis. This is where the *Indignados* are right: “The reason for resistance is indignation”, not only rational calculations, scientific analysis of macroeconomic data. In other words, surely because the measure taken will be hard and long lasting, the time has come for symbolic gestures that suggest a certain desire for equity. And it is not acceptable, as the Congress of the United States manifested, for the directors of some of those ratings agencies to give themselves a 69% raise (on salaries of nine million dollars). With regard to the mobilization against public health cutbacks, beyond the fact that governments are unwilling to admit that they can’t be done this way, the most urgent symbol would be for them to understand that there are certain things they shouldn’t say. “Indifference is the worst of all attitudes,” states Stéphane Hessel in his already famous pamphlet “*Indignez-vous*”, and he is not wrong. Though from that point on real and feasible alternative political proposal may be lacking.

One of the worst dangers of this trend toward social disorder and the fading of politics is the fragmentation of the “fields of reaction” on the part of the citizenry. Each sector, each

segment, is being subjected to its own particular war of attrition, and many believe it is inexorable, and that no concerted response is possible. First were the civil servants (“a privileged class that need not fear for its jobs”), then workers with permanent contracts (“ditto”), then the unions themselves (never valued, though, since 1945), presented as the corporate defenders of their own jobs. In a word, the darkest side of the present crisis is the installation in the atmosphere of a murky dynamic of accusations and suspicions of certain social sectors against others, against the very subtle background music of “in any case, there is nothing to be done”. That is, there is no way to establish or reestablish the necessary minimum of across-the-board collective social reaction to say “Enough!” Where are the markets? Who is in charge of them? Where do they get their legitimacy? And of course, doctors and teachers, the unemployed and the employed, the young (in Spain, 42% unemployment among those under 30!) think that the protest should be directed against the Government, but is this true? Is it realistic? Did the Government(s) create the crisis? Yes and no? But, above all, can the governments bring it under control, both the crisis and most importantly its social effects? It wouldn’t seem so, most likely not. The 2008 crisis is worldwide, its causes are global, and the responsible parties do not live within a radius of 500 kilometers of my house or yours. Perhaps the problem is that the growing disperse and fragmented indignation about a phenomenon like the one we are facing should be global, worldwide, international, but for the time being it has not been preceded, organized or framed by its political expression. How are we to move from protest to proposition and action?

Conclusion: Three questions

First question: Why does the European Central Bank massively inject money at 1% interest into the European banking sector, and then those banks (in several countries) offer credit to governmental institutions (municipalities, provinces, regional government, central government) at 5%? Response: the banking sector cannot be allowed to fall, because, among other things, there will be no credit. But since there is no credit in any case, a citizen may ask herself a number of things, that all come down to the fact that the ECB is underwriting private banks so that in the next three to five years they will have a guaranteed benefit of 4%.

Second question: In the final analysis, is ideology dead? Really? What about class struggle, is it dead, too? It is inherent to all societies that they provide themselves with institutions, norms and forms of social legitimacy so that the social contradictions between classes, groups, factions, etc., can be directed toward non-destructive channels. And this is being pulverized

by the crisis, and concretely by the consequences of the crisis on our political system. In a crisis situation, the discussion/dilemma about how to combine adequately austerity measures, economic discipline, and *economic stimulus* is a century and a half old, as is the debate about unemployment, inflation, debt, deficit, and how to use them strategically.

Third question: Does anyone really believe that ideology and classes are dead? Ideologies today range from indignation to fatalism, including the critique and rejection of the artifice and superficiality of the *narrative of political parties*, and their subsequent distancing from the citizenry. When you come right down to it, the problem is different: nowadays we do not know which classes are at loggerheads. We have to engage in a *profound* rethinking of one of the greatest mutations of the last twenty-thirty years: the true complexity of our contemporary societies, their fault lines, their lines of confrontations, the fragmentation of their fields of demands, and above all, how their multiple ways of representing their interests have changed. As much in regard to political parties as to unions, as to the multiple forms of association of civil society.

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In synthesis, faced with the present-day crisis, one must ask who represents whom, in what way, and through what means of action. And to what end?