

# Europe : Costas Lapavitsas: Socialism starts at home

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## **Michael Calderbank speaks to Marxist economist Costas Lapavitsas ahead of the publication of his provocative new book *The Left Case Against the EU***

**Costas Lapavitsas** The book is obviously a critique of the EU as it stands. It's an assessment of where the union is, what it has become, and its likely direction. It is an attempt to say that the left should have nothing to do with defending this set of institutions. It should assume a critical, rejectionist position. I am asserting that this is the only way you can develop radical politics in Europe, a radical and internationalist economic and social programme.

**Michael Calderbank** The most obvious comeback would be that the forces threatening to tear apart the EU - the populists in Italy, or the AfD in Germany - are anti-immigrant, right-wing, and that if the EU disintegrates, it will be the right that benefits. How would you respond to that?

**Lapavitsas** Let me say at the beginning that, of course, we should have nothing to do with these reactionary, racist forces. We should oppose them across the board. But to understand why they have become so powerful, and to understand what we should do, we must start with the EU itself. The emergence of these forces is not accidental. It has to do with what the EU has become. Only by starting from that perspective can we understand what the left should do.

So why is the extreme right so powerful and the EU in this state? The first thing to appreciate is that the EU faces an existential crisis unlike any in the past. It goes to the heart of what it is, what it does and what interests it serves. It is a crisis that has resulted from the deep transformation since Maastricht.

Maastricht was a key moment. What's happened since is that the EU has emerged as an uncompromising defender of capital against labour, a promoter of neoliberalism, with a very rigid set of mechanisms that bulldozes its way through any kind of opposition. This isn't the alliance of nations, the partnership of peoples and all the other fancy words that people continue to imagine on the left in Britain - often harking back to the late 1980s, Jacques Delors and so on. The EU today has only a faint connection with those days. It has hollowed out democracy in Europe. It has removed popular sovereignty, and it has alienated the poor and the working class in country after country. The political result is what you see. It's a visceral, from-below reaction, which goes to the right because the left offers no alternative perspective.

**Calderbank** Does it surprise you how the debate is running on the left in Britain? The trade union leaderships, for example, would point to an at least vestigial basis of social and economic protections, or environmental protections. They argue that even if they've been under attack they still exist to a greater extent than might be the case in a Trump-era, Anglophile, ultra-neoliberal experiment; and that staying in some kind of relationship with Europe - even if it's only the customs union or single market - is necessary to protect jobs. How would you respond?

**Lapavitsas** There are a number of issues. One is to do with labour rights and conditions. The other is to do with the ability to trade with Europe. Obviously, the single market has something to do with both. But first, let me say that the reaction of the left and the trade union movement in Britain astonishes me. It is as if the trade union movement has stayed back in the late 80s, when Jacques Delors addressed the TUC conference and told them all these very nice things that were going to happen in Europe. That has nothing to do with the EU today.

The logic of the EU since Maastricht - which came soon after - has been the logic of the single market. The single market is a homogenising mechanism that promotes neoliberalism, period. It's a set of agreements, principles, that systematically promote neoliberalism by finding in favour of capital whenever a critical issue arises. The single market is a very powerful mechanism, and one of the key engines that makes it work is the European Court of Justice (ECJ).

People don't understand the importance of the ECJ. For markets to work there has to be a legal framework. The legal framework in Europe has been systematically created in the last few decades. It's been created by the Council of Ministers, which introduces most laws, and by the ECJ, which interprets them and also creates case law itself. That mechanism is neoliberal through and through. There are no popular interests expressed in this setup. Individual, country-specific, national legal systems are forced to comply with the *acquis communautaire*, European law, which has now become vast. As long as that's the case, the left can forget about radical challenges to relations between capital and labour. If the left accepts the single market, it's finished, forget it.

**Calderbank** If a Corbyn government was to be elected on a manifesto like its previous one, in what way might it face constraints from single market membership?

**Lapavitsas** In a variety of ways emanating from the legal framework and the practices that surround the single market. Recently I've done some work on state aid and procurement. A left government, a radical government such as the UK needs, must use state aid and procurement judiciously to support industry, and create jobs and the industrial infrastructure. The current single market framework is designed in such a way as to stop decisive intervention in these fields by a radical left government. It is possible to give state aid, and it is possible to use procurement, but within narrow limits. These limits would be too restrictive for a radical government such as Jeremy Corbyn wants to introduce.

**Calderbank** What might be the effect if trade were to revert to WTO rules? Would it be as bad as some are making out?

**Lapavitsas** Let me say two things about that. First of all, for a powerful capitalist country such as Britain, with the history it has, to end up with the Tory government it has now - that obviously cannot manage elementary affairs of state - is astonishing. These people are incapable of negotiating anything, or of managing anything. So let's not take the last two years of this government as an example of how a left government - one with its feet on the ground and backing from the popular movement - would have dealt with Brexit.

When you look at the situation more broadly, however, there are two issues that are very important. One is what kind of trade deal does the country need with the EU? What does it mean to leave the single market other than tariffs and so on?

Obviously, the single market is more than tariffs and conditions of buying and selling. For any market to work, you need a framework of rules, regulations, measures, standards, practices, common approaches, best practice in a variety of fields. Britain clearly needs a deal with the EU as far as these things are concerned. We need to operate the airports and ports, we need to have

common practice standards for doctors to move around and everything else. There is nothing that says that a left government couldn't manage this after exiting the single market. Britain will remain attached to Europe; it's a European country. We will have to negotiate all that with the EU and it's a matter of sitting down and working out the best arrangement.

The second issue has to do with tariffs and a variety of conditions attached to any trade deal. Here the ogre that has been raised is the WTO: exiting the single market, then operating under WTO conditions, which would apparently be horrendous. Why?

First, the left is not in favour of free trade anyway. We are not free traders. We believe in controls. Second, when you look at the framework within which these controls will be exercised and trade will be practiced, the WTO, in many ways, is more permissive than the EU, including on the issues of state aid and procurement mentioned previously. That's something a Corbyn government can take advantage of. So, even if Britain had to fall back on WTO rules in certain areas, that would actually create more space for a radical government.

**Calderbank** The argument used by companies such as Airbus - which is partly owned by EU governments - is that so much of their manufacturing supply chains are based on the just-in-time ability to process the import of parts extremely quickly that they would have no choice but to relocate their manufacturing away from Britain. Is that just a threat?

**Lapavitsas** There is no question it's a threat. Big business in Britain, quite clearly, doesn't want a change in the status quo. It's clear that the backbone of British capital wants to stay in the EU and will fight for it. The EU is a perfect neoliberal environment for big business. They can make the profits they seek. They can operate in ways they approve of. They don't want any change, including the City of London. The City of London is very, very keen for present conditions not to change.

So for the last few months we've had a sustained campaign by big business to say that if these conditions change disaster will befall us. No, that's not the case. We should keep calm, keep our cool. Britain can survive, can live, outside present conditions so long as it has a government that knows which way to formulate economic policy. There is no reason why we couldn't strike arrangements on the regulation of markets and allow the value chains to continue and goods to be moved around the world. There are value chains everywhere, from China to the US, Japan, Germany, and so on. They don't have to have a single market around them to work.

**Calderbank** Coming back to the negotiations, is it a danger that the EU wants to exert a price as a political deterrent to the rest of Europe not to challenge its authority?

**Lapavitsas** We don't have to be hypothetical about this. We can look at how the EU has behaved toward Britain over the last two years. Its stance has been hostile, unhelpful, creating problems left, right and centre. It has given no leeway at all. Of course, the left should be prepared for opposition from the EU, and an alliance with big business in Britain. It should expect a concerted effort to undermine a Corbyn government.

**Calderbank** That's a potentially formidable alliance of powerful interests. So how do we challenge them?

**Lapavitsas** Do we believe in our own strength or not? Do we believe in the strength of working people, the power of the working class and the poorer layers of British society? If we don't, we might as well pack up and go home. If the magnitude of the task scares us, there is no point talking about socialism and what the left should do. We can confront these people and defeat them - of course we can. We can oppose the EU and big business and we can defeat them. We should rely on the

strength of working-class hostility towards the current regime in Britain and the current state of social affairs – which is very deep. And we can rely on the yearning of ordinary people for popular sovereignty.

People want to feel in command of where they live, what they do, their future and their children's future. We can rely on that, and we can mobilise it behind a radical programme. There is a lot of economic and other strength in Britain, and we can mobilise that. I've got no doubt. A radical government with a programme of nationalising key resources, taking over certain banks and regulating the banking system, and an industrial policy that will change the balance of sectors in Britain, will have great scope for success. That is what the EU would be fighting against – a radical left-wing Britain showing that there is another way. They don't want that.

**Calderbank** Given that trade union organisation is a long way below what it was in the 1970s, the capacity of capital to take flight across the world, the power of the City of London and finance capital over the rest of the economy – are we really in a strong enough strategic position to wage that degree of all-out war with the ruling class? Your critics would say that's a nice-sounding fantasy, but it doesn't take into account the actual relative weakness of working-class power.

**Lapavitsas** Let's be clear about a number of things. The Labour Party programme of two years ago is basically radical social democracy and no more. Britain now needs a more radical programme but one that would still fall within the broad rubric of radical Keynesianism with some Marxist underpinnings. We are not talking about a Bolshevik revolution. Let's not be scared by change before it even starts. We are talking about confronting the status quo with a set of policies that have been implemented in many different places, but more radical this time.

**Calderbank** Do you think that the British left would have to rely on its own resources in that fight? What role do you foresee for international, pan-European solidarity?

**Lapavitsas** The left has always been internationalist. This is not the internationalism of big capital, which means that capital can go anywhere it likes, commodities can go anywhere they like, and labour can be moved anywhere that capital needs it. The left is international in the profound sense in which Karl Marx determined the idea many moons ago, when he basically said that the working class of a country must become the nation. The working class of a country is international. It doesn't have a country, but it must become the nation. In other words, it must become the dominant class and give its own outlook to the nation, not the capitalist outlook.

That means, for me, that when we think of social transformation and the economic policies we need, the first port of call is domestic strength – commanding the levers of power where we live, where we are employed, where we're active. That is where it starts, not by seeking strength in Paris, Lisbon, Rome, or wherever else. First, we find it in London, in Glasgow, in Newcastle, and so on. That's where our true strength comes from, always with an international perspective however.

Our strength will be guaranteed by reinstating popular sovereignty. The British people want popular sovereignty. They want to feel that they are in command, rather than that things are happening over which they have no control. That's the way we begin to gain the support we need nationally. Once we've done that and we've acquired sufficient foundations for what we're trying to do where we live, then of course at the same time we'll seek international support. It would be an added weapon for us if German and Spanish workers saw what we're doing and supported us. We want that, we will try and promote it and develop a movement across Europe. We've got every chance of succeeding, which is why the EU is so scared of a Corbyn victory. They know that if it works, it would act as a model for other countries. Internationalism starts at home, it doesn't start in the indeterminate space out there where big ideas float.

**Calderbank** There are some on the left, including on the Greek left, who would say the tide of events globally is moving beyond national boundaries – the world we live in is becoming increasingly internationalized – and the only way of getting any democratic purchase over these internationalised market forces is by nation states working collaboratively to exercise some degree of supranational authority. Therefore, rather than what they would see as a kind of backward-looking return of sovereignty to the nation state, they would see the necessary step is to build international authorities that have some degree of popular sovereignty over them. They are talking about the attempt to work inside, and radically reform, institutions like the EU, rather than separate away from them.

**Lapavistas** I would say, at the outset, that this argument – which of course one hears extensively across the left – sums up very neatly the profound illness that has befallen the European left. It's a characteristically European outlook that the nation state has been transcended, borders are insignificant and we must look at the grander space beyond the nation state, which in any case is poisonous, destructive, the cause of war.

First of all, in theoretical terms, it's arrant nonsense. That is not how the world is unfolding. Of course, capital has become internationalised. Of course, we've got value chains across the world. Of course, we've got what is called globalisation – meaning, in other words, the spread of commerce into parts of the world that were untouched by capitalism. Of course, we have productive capital setting up production elsewhere. Of course, we've got money capital moving into various areas of the world and establishing what is often called financialisation. All of these are phenomena that we observe.

But the notion that this goes with the elimination, or marginalisation, of the nation state, is nonsense. In reality, the direction of movement in the global economy is determined by vast state mechanisms. China would never have done what it has without the state machine behind it, and without the Communist Party – which, of course, is not a real communist party but a parastatal machine of about 80-90 million people. The US would never be what it is without the US government behind it. We saw that in the crisis of 2007-09, when all the prophets of globalisation went cap in hand and begged for intervention to save their skins.

The state never went away, it is fundamental to capitalism. It is pivotal to how capitalism develops, and what it does is intervene to promote globalisation and financialisation. Neither would be possible without the active role of powerful state mechanisms.

Europe is a variety of states, some of which are sizable by global standards, some middling, and a lot small. The direction of political unity in Europe since the second world war was characterised to begin with by the war itself; then by US intervention and what it wanted to create against the USSR; and then by the creation of the single market and the rule of capital. All these factors have shaped the current outlook of the EU. This outlook is thoroughly neoliberal. But it's more than that. When you look at it from the perspective of states, what you see is nothing like the internationalist fairy story that some subscribe to. What you see is a hierarchy of states that is every bit as ruthless as any hierarchy we've seen before.

This hierarchy is characterised by a solid core dominated by Germany, France and a number of other countries, with Italy half-core, half-outside, and a number of peripheries. The southern periphery – Greece, Spain, Portugal – consists of weak economies with a weak industrial base and a large public sector. The central European periphery includes Poland, the Czech Republic, Slovakia, Slovenia and a number of other countries that are basically attached to the German industrial structure. The Baltic periphery is a different kettle of fish altogether.

In a nutshell, what we see in Europe is actually hierarchy and divergence among states. At the top sits Germany. Berlin is the centre of power. Berlin takes the real decisions. France has actually lost out in that struggle, no matter what Emmanuel Macron thinks. That's the reality of Europe. At the bottom sit a number of peripheral countries, weak countries, and they are dominated by the core.

We have relations of domination, new ways in which imperialism manifests itself. That's the reality of Europe, not the fairy stories of an alliance of nations, overcoming national borders, becoming one big, happy family. These things might exist in people's dreams, or in political slogans of various people who support the EU, but that's not the reality. In that context, the ideas of popular and national sovereignty are real issues. That's the way in which the world will move in the future and should move.

Now, if that's the situation, what does one make of the idea that we can all club together as the left, in the indeterminate space beyond the nation state, and attempt to change the EU? We can poke fun at this idea in theory, or by analyzing the actual institutions of the EU, but we don't even have to do that. We have historical evidence, and that historical evidence is called Syriza.

Syriza was dominated by the notion that it could win elections, gain legitimacy, then go to the fora of Europe. It would argue its case, it would get support from other parts of the European left and other countries, and then it would succeed in changing the balance of forces and the true goodness of Europe would emerge and everything would be lovely. None of this ever came anywhere near realisation. The EU that Syriza faced was this hostile, arrogant force that basically told Syriza what to do and blackmailed the left government ruthlessly.

That's exactly what any kind of ill-thought out attempt to create this international front of the left would be confronted with. It is not realistic politics. Realistic politics starts at home. Start at home, start with things you can command and things you can change. Internationalism is built on that.

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**Michael Calderbank**

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