What Next for the EU?*

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Even before the results of the UK referendum, the European Union was facing a crisis of popular legitimacy. The result, especially in England and Wales, was certainly driven by the fear of more immigration, irresponsibly whipped up by xenophobic right-wing leaders who now appear uncertain themselves of what to do with the outcome. But it was as much a cry of pain and protest from working communities that have been damaged and hollowed out by three decades of neoliberal economic policies. And this is why the concerns of greater popular resonance across other countries in the EU – and the idea that this could simply be the first domino to fall – are absolutely valid. So the bloc as a whole now faces an existential crisis of an entirely different order, and its survival hinges on how its rulers choose to confront it.

A little history is in order first. The formation of the union itself, from its genesis in the Treaty of Rome in 1957, was as much a result of geopolitical pressure from the US as it was of the grand visions of those who led it. The six founding countries (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) built on the hope of the European Coal and Steel Community that was established in 1950, that greater economic relations would secure lasting peace and prosperity. Somewhat ironically, they were egged on by the United States, which in the post Second World War period not only provided huge amounts of Marshall Plan aid to western Europe, but urged the reduction of trade barriers between them to encourage more intra-regional economic activity and provide an effective counter to eastern Europe during the Cold War.

Subsequent expansion of membership (the UK joined the EU in 1973, along with Ireland and Denmark, followed in the 1980s by Greece, Spain and Portugal, and then by Austria, Finland and Sweden in the 1990s and then some years after the fall of the Berlin Wall, a large intake of 12 central and eastern European countries in the 2000s, with the most recent member being Croatia in 2013) has brought the number of member countries in the EU to 28. Over the years, expansion has been accompanied by the push for "ever greater union": the Maastricht Treaty in 1993 that laid down the ground rules for economic engagement and strengthened the institutional structure of the European Commission and the European Parliament; the creation of the Single Market of free movement of goods, services and people starting from 1994; the Treaty of Amsterdam that devolved some powers from national governments to the European Parliament, including legislating on immigration, adopting civil and criminal laws, and enacting the common foreign and security policy; and even a common currency, the euro, shared by a subgroup of 19 members from 1 January 1999.

Some would say that it is remarkable that a continent with a fairly recent history of wars and extreme regional conflicts could have achieved such a combination of expansion and integration. There is no doubt that, from the start, this was a project of the political and corporate elite of Europe, and the "voice of the people" was not really taken into account. Yet in many ways it was also a visionary, even romantic, project that could only go as far as it has gone because, even as it increasingly furthered the goals of globalised finance and large corporations, it still contained the (inadequately utilised) potential for ensuring some citizens' rights across the region.

However, as the EU bureaucracy expanded and as the rules – particularly the economic ones – became ever more rigid and inflexible, with the forceful imposition of fiscal austerity measures in countries with deficits and even in countries where there was no real need to do so, the Commission itself and the entire process came to be seen as distant, tone-deaf to people's concerns and impervious to genuine pleas for help and a degree of empathy.

Germany, the undisputed leader of the bloc, epitomised this sense of rigid adherence to (often nonsensical and contradictory) rules. The lack of consistency in creating a monetary union without a genuine banking union or any solidarity with fiscal federalism has created years of economic depression in some countries and deflationary pressures across the Eurozone and most of the EU. Nowhere has this been more evident than in the tragic case of the Greek economy, but this is also true of other countries in the periphery that have been forced into austerity measures with little to show in terms of benefit for more than five years now.

So in the expanding but unfinished project that is the European Union, corporate elites have basically achieved their goals and won – as indeed they have been winning in pretty much every region of the world over the past three decades. The implicit project of aiding finance and other large private capital and dismantling the welfare state in these countries has moved ahead.

The result has been not only economic stagnation and continued increases in inequality, but a breakdown of communities and a pervading sense of hopelessness among people across the region, who feel they are no longer able to control their own destiny. Low and receding employment prospects, precarious work contracts, flat or falling real wages, increasing insecurity in material life, reduced access or lower quality of essential public services such as health and education, less social protection, and a general sense of economic decline have become pervasive features, even though these are by and large still prosperous societies. All these are indeed not common only to Europe, but are felt in many other parts of the world as a result of economic policies favouring the rich and large capital, and suppressing the rights and aspirations of ordinary people on the grounds that "there is no alternative."

In this context, the EU decision to accept (relatively few, around a million) refugee migrants from war-torn regions of West Asia – mostly tragic victims of instability in the region resulting from wars entered into by the governments of the US and the EU themselves – was in some ways the final straw. In some countries like the UK, there was already resentment at the entry of EU citizens from eastern Europe, who were seen to be driving up house rents and lowering wages. But the possibility of particularly Muslim immigration that was cynically used by the Leave campaign in Britain is also a major element of the public response in many other countries like France and even Germany, where other people, rather than corporate capital, are seen as the threat.

So the tragedy is that growing alienation of many people who have become the victims of financial globalisation has also left them unable to pick on their real enemy. Instead, the tendency has been to pick on others, who are equally or even more the victims, but can be isolated and made into scapegoats because of some apparent differences, particularly recent migrants fleeing either enormous physical threats or economic hardship. The vote in England and Wales both indicates and further strengthens an increasingly unpleasant right-wing surge across Europe, in which "nationalism" is little more than a fig leaf for open or suppressed racism and intolerance to ethnic/cultural differences.

Of course, the alacrity with which other European leaders have said that the Leave vote in the UK must be respected is somewhat surprising. It is worth noting that the European Union so far has not been particularly responsive to the voice of popular will, typically forcing people to bend rather than the other way around, even when there have been significant democratic pressures within member countries against its mandates. Consider just a few examples. In Denmark, 51.7 per cent of voters wanted to reject the Maastricht Treaty in 1992, but the country was made to vote again until the treaty was passed by an even smaller majority. In 2002, the EU Constitution was rejected by 54.9 per cent of French voters and 61.5 per cent of Dutch voters, but these results were simply ignored and the Lisbon Treaty was put in place. In 2008, Ireland voted against the Lisbon Treaty by 53.8 per cent, but were made to vote again until a more satisfactory result was obtained. In 2015,

61.3 per cent of Greek voters – an overwhelming majority – voted against the austerity programme of the EU, but this too was rejected. At that time, the president of the European Commission, Jean-Claude Juncker even said, "There can be no democratic choice against the European treaties."

So what is so different about this British referendum? To begin with, it comes from a very important – many would say – crucial member of the Union, albeit one that has always had a rather difficult relationship with the body. In the EU, Britain has always been a bit of the tetchy uncle at the extended family gatherings, complaining about the facilities and the cacophony of the younger children present and grudging the occasional present he is expected to give. The country did not join the Eurozone (to its own great advantage) and has fussed about the payments it has to make as well as the regulations for labour and welfare that is has been forced to introduce. Governments in the UK have always contained Euro-sceptic voices, especially in the Conservative Party. But is nonetheless a large and important economy, with a significant geopolitical presence even if that is largely the legacy of history.

Second, ignoring democratic expression at this point of time in Europe is fraught with greater risk. There is already a significant movement against immigration and against the EU, driven again by anger, despair and frustration at economic trends, that is growing across different member countries. If a clear result in this referendum is blatantly denied (despite the best intentions of those working to have a second referendum) or leads to a delayed and watered down response without Britain actually leaving the EU, this will fuel an even greater right-wing response and further strengthen this movement. Then the right-wing surge has the potential to become a veritable tsunami across Europe.

Some of this is already evident in the open glee of far right nationalist forces in response to the UK referendum. The day after the result, Marine Le Pen of the anti-immigration National Front in France, who hopes to win the next Presidential election in 2017, wrote, "The European Union has become a prison of peoples. Each of the 28 countries that constitute it has slowly lost its democratic prerogatives to commissions and councils with no popular mandate. Every nation in the union has had to apply laws it did not want for itself. Member nations no longer determine their own budgets. They are called upon to open their borders against their will. Countries in the eurozone face an even less enviable situation. In the name of ideology, different economies are forced to adopt the same currency, even if doing so bleeds them dry. It's a modern version of the Procrustean bed, and the people no longer have a say… We have tried to deny the existence of sovereign nations. It's only natural that they would not allow being denied."

In Italy, Prime Minister Renzi is under pressure because of implementation of neoliberal austerity policies, with the rise of Eurosceptic Five Star movement that recently won important mayoral elections in Rome and Turin. Yesterday the EU rejected his plan to provide public support for banks with large non-performing loans, and he may not survive a referendum in October on sweeping constitutional reforms.

Ironically, far-right anti-EU movements are on the ascendant even in supposedly economically successful countries. Geert Wilders, leader of the anti-immigrant Party for Freedom in the Netherlands, tweeted, "Hurray for the British! Now it's our turn!" In Germany, the Alternative for Germany began as an anti-euro party but is now more openly anti-immigrant and anti-Islam. It now has seats in eight of Germany's 16 state assemblies and is expected to win seats in the national Parliament the Bundestag in the elections next year. In Austria the candidate of right-wing Freedom Party almost won in the Presidential election, with just under 50 per cent of the vote.

So which way will the European Union go now? The immediate response appears to be a closing of ranks and circling of the wagons, with strict terms applied to the UK as punishment and also deterrence to other would-be leavers. But stronger political union with much greater federal powers no longer seems to be on the table. Instead, there are also

likely to be calls for greater flexibility, with respect to both economic policies and migration. Donald Tusk, the Polish President of the European Council, has already warned that that ordinary European citizens do not share the enthusiasm of some of their leaders for "a utopia of Europe without nation states, a utopia of Europe without conflicting interests and ambitions, a utopia of Europe imposing its own values on the external world, a utopia of Euro-Asian unity". It is likely that there is much less political appetite for greater integration, for example in a banking union, and this will make other forms of economic union even less effective, especially in countries experiencing continued economic difficulties and consequent social unrest.

The European Union as it exists today is unstable and probably unsustainable. But it will be tragic indeed if it collapses under the weight of its own contradictions only to yield to the petty and xenophobic forms of national neoliberalism that are currently the most forceful alternative to neoliberal economic integration. What Europe and the world require are more internationalist alternatives based on popular sovereignty, solidarity, the improvement of workers' conditions and the rights of citizens. Sadly, at this time there are only very few voices making such demands.