

After “Brexit”: A Social-Democratic Re-Founding of Europe?

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Global Research, June 30, 2016

[Socialist Project](#) 30 June 2016

Region: [Europe](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

In light of “Brexit” and within 24 hours after the publication of the final [results in the British referendum on EU membership](#), Sigmar Gabriel, Social Democratic Party of Germany (SPD) chairman, German vice-chancellor and Minister of Economic Affairs in the Merkel government, and Martin Schulz, EU Parliament President, published a new strategy paper analyzing the origins of the deep legitimacy crisis of the European Union amid the Europe-wide rise of the nationalist Right and outlining political pathways to overcome this legitimacy crisis in order to prevent the EU’s disintegration.[\[1\]](#)

In the context of hopes and fears of a weakening of the market-liberal forces within the EU[\[2\]](#) as well as numerous calls by EU leaders and mainstream media figures of a need for renewal,[\[3\]](#) Gabriel and Schulz have adopted – some might even say: stolen – the left-wing demand of a “re-foundation of Europe” and they have connected it to a vision of a united Europe that “belongs to its citizens.”[\[4\]](#) Could this be a Gramscian kind of “passive revolution,” i.e. the absorption of the (left-wing) opposition to the status quo and its ideas as a means to stabilizing a weakened power bloc? Or is it maybe the clarion call for the SPD’s re-socialdemocratization and thus revitalization – prompted perhaps by the international rise and success of the (class) conflict-oriented, anti-Third Way social democrats Jeremy Corbyn in the UK and Bernie Sanders in the United States?

This would, of course, amount to quite a remarkable political shift given that in October 2015 Gabriel himself initiated the founding of the notorious “Gang of Five,” which consists of French Prime Minister Manuel Valls, Austrian Chancellor Werner Faymann (who resigned in May), the Swedish Prime Minister and social democratic party leader Stefan Löfven, and Gabriel and Schulz themselves, and whose sole purpose has been to curtail the influence of Corbynism (and, to a lesser extent, Sanderism) and sympathies for other left-wing forces such as Podemos and Syriza within continental European social democracy.[\[5\]](#)

Alliance of Progressives?

At the same time, facing growing internal opposition given the dismal situation of the SPD after the devastating electoral defeats in the three state elections of 13 March 2016 (in Baden-Württemberg, Rhineland-Palatinate and Saxony-Anhalt), Gabriel had actually given a fairly left-wing speech at the SPD’s “Value Conference: Justice,” which took place in the SPD national headquarters in Berlin on 9 May 2016 and which supposedly signaled general programmatic orientations going into the campaign for the general elections due in the fall of 2017.

These also will probably include moving the issue of poverty pensions, which according to

an official German government study will affect almost half of the population by 2030,^[6] into the center. This would, of course, mean at least partly taking back the disastrous partial privatization of the pension system (“Riester-Rente”) which his party alongside the Greens legislated in the early 2000s. Furthermore, in a *Spiegel* interview he announced the need of and his will to create an “alliance of progressives,”^[7] which many interpreted as an attempt – and some people used as a starting point – to renew debates about “r2g,” i.e. a national coalition of social democrats, Greens and Die Linke. However, due to the chronic weakness of the SPD (trailing the CDU in the polls at or below the 25 per cent mark) and the discomfiting fact that Die Linke has not benefited from the SPD’s decline, such a coalition does not even have a numerical majority at the moment, let alone a common political platform or the mobilized social base that could enforce it.

So what does Gabriel and Schulz’s “re-founding of Europe” actually amount to? Is it trying to create such a common political platform? As usual the devil is in the details. But to understand these, it seems useful to recall the original initiative of “re-founding Europe.”

The left-wing idea of a “re-founding of Europe” (“[Europa neu \[be-\]gründen](#)”) goes back to a 2012 initiative by Frank Bsirske, president of the largest German service and public sector union *ver.di* and himself a member of the Green Party, Anneli Buntenbach from the German Trade-Union Confederation, Hans-Jürgen Urban, a left-wing icon on the presidential board industrial labour union IG Metall with 2.27 million members, as well as the left-wing scholars Steffen Lehndorff (editor of the widely circulated volume *A Triumph of Failed Ideas: European Models of Capitalism in the Crisis*) and Rudolf Hickel, a prominent left-wing Keynesian economist. This initiative soon found support among large segments of the German labour movement’s left wing and its organic intellectuals in general. Programmatically, its goal was to challenge the neoliberal nature of the EU’s primary legislation in general and the fundamentals of the EU’s “internal devaluation” exit strategy from the Eurozone crisis that had followed the global austerity turn of 2010 in particular. This naturally included criticism of what Urban has referred to as “German crisis corporatism.”^[8] Strategically, “Europa neu (be-)gründen” has essentially tried to create a middle-ground or a third alternative beyond the false choice between, on the one hand, the technocratic left-wing hope for a “Social Europe” reform despite the experiences with the Battle of Greece and the neoliberal nature of the EU primary legislations (as it is represented by “Blätter für deutsche und internationale Politik” editor Albrecht von Lucke), and on the other, the conclusion of people such as Wolfgang Streeck^[9] or [Heiner Flassbeck and Costas Lapavistas](#) that in light of this evidence the only prospect of realistically defending working class gains – the welfare state and democracy – is by a return to the national state.^[10]

Now, in contrast to this “original” idea of a re-foundation of Europe, Gabriel/Schulz apparently want to have their cake and eat it too. In the strategy paper, overloaded with poetic language about the “European Dream” and its promises of “peace, prosperity and freedom,”^[11] the story’s always the same. For instance, Gabriel and Schulz will talk about youth unemployment and growing social inequality as the underlying reasons for the widespread political disaffection and increasing anti-EU sentiments especially among the [European working classes that have culminated in “Brexit”](#); however, when it comes to the nitty gritty of politics and the fine print of their suggestions, there is hardly anything left that is of substance and that could really create an alternative future to the complete train-wreck that is austerity Europe today from the perspective of the wider working masses and especially the (southern) European youth.^[12]

For instance, Gabriel and Schulz criticize the Stability and Growth Pact and its newest reincarnation as the Fiscal Compact for having failed in both economic and political terms. The “political divisions” within the European Union and the rise of nationalist forces, they maintain, are the result of “slow growth, low investment activity, and an employment crisis.” As a result, they demand “a change in economic policy and a growth pact for the European Union.”[\[13\]](#)

Yet, in the end it turns out that Gabriel and Schulz don’t seek such an alternative to the Fiscal Compact at all. Instead they simply criticize that the Stability and Growth Pact does not do what it says it does (create growth), which is why Gabriel and Schulz want to make the Fiscal Compact more flexible – allowing for anti-cyclical stimulus packages.[\[14\]](#) The current economic policy, they maintain, is “too complex, too prone to mistakes, and too pro-cyclical.”[\[15\]](#)

At the same time, Gabriel and Schulz intend to continue with the austerity-oriented, new economic governance in the EU when they explicitly demand the tightening of national budgets through neoliberal balanced budget amendments and an “institutionalized mechanism for debt restructuring ... during phases of economic recovery.”[\[16\]](#) In other words, they not only embrace the EU’s old “Sixpack” regulations with their automatic sanctioning of public debt levels but also the neo-constitutionalist Memorandum policies which seize control over national budgets through “shadow budgets” with the sole purpose of channeling public tax resources into the coffers of European big banks. Essentially, what Gabriel and Schulz’s suggestions ultimately boil down to is the EU’s general “internal devaluation” exit strategy minus the failed orthodoxies, or, in other words, a kind of neoliberalism with a pragmatic Keynesian face.

And it is probably not too far-fetched to argue that this statesmanlike approach of “I like it, but I’m against it” (Georg Kreisler) or “on the one hand, but on the other...” (Kurt Tucholsky) might help getting them re-elected too, just as it did in 2013 when the German social democrats also, albeit mildly and only until the end of the election campaign, criticized the Memoranda of Understanding that had dictated and continue to dictate, with their own political support in the German government, to the EU’s internal periphery cuts to social spending on healthcare, pensions and unemployment insurance, public sector layoffs and hiring freezes, the lowering of the minimum wage level, the replacement of national collective bargaining structures through a – wage-depressing – decentralized system of company wage agreements, and fire-sale privatizations of public assets.

Omissions in the Plan

The general feebleness of Gabriel and Schulz’s proposals becomes clear when it comes to the question who should actually pay for the Europe-wide “active industrial policy” which they are suggesting and which on paper sounds like a step in the right, i.e. in an anti-austerity direction. Apparently no one is! At least that is the only conclusion that their strategy paper allows; because, for instance, there’s not a single paragraph in there that demands higher taxes on the wealthy. Instead, everything apparently is supposed to stay the same except for the closing of tax loopholes, a lip-service paid to fighting tax havens and a Tobin-kind of financial transaction tax, which they say, in the old neoliberal discourse, could help pay for “relieving the factor labour,” but is, as everyone knows, minute when it comes to the size of national budgets.[\[17\]](#) So now, doesn’t that sound like a gargantuan Euro-Keynesian program up ahead?!

Incidentally, it is generally the case that the most interesting thing about their proposals is not what they say, but rather what they *don't* say. For instance, what they also do not mention with a single sentence is the role that the German export-oriented growth and competition model with its trade surpluses has played in creating the tremendous and growing imbalances within the Eurozone. Furthermore and as mentioned above, Gabriel and Schulz do bemoan mass unemployment in Europe, but it is striking that they avoid to speak about precarious employment and the massive increase of the low-wage sector.

The notion of “good jobs” is missing from their paper. Instead, if you read the strategy paper closely, you’ll find that their solution to everything is simply “growth” (and I’ve outlined above how little that growth can actually amount to, given that Gabriel and Schulz neither want to unravel the Fiscal Compact nor want to increase taxes on the wealthy to pay for non-private sector growth policies). However, by talking about growth, what they are not talking about is taking back the kind of systematic precarization policies which, under the moniker of “flexible labour markets,” the ruling social democrats (most of whom are still calling the shots in the party...) enforced in Germany with the Agenda 2010 in the early 2000s and which are now being implemented in similar ways in France by their center-left sister party, Francois Hollande’s French Socialist Party, against the will of the large majority of the population and against massive social resistance. In other words, the general neoliberal idea of competitiveness is not tackled at all. Instead, what Gabriel and Schulz suggest is the opposite, namely that every relaxation of tightened belts should be made dependent on compliance with regard to further labour market flexibilizations, or as they put it: “the arrival at reform-milestones.”[\[18\]](#)

Finally, Gabriel and Schulz criticize that EU technocrats have it all wrong and that “technocratic approaches to reform and muddling through are insufficient.”[\[19\]](#) Now, it is hard to miss the irony in all of this and difficult not to be amused by these Germans with a sense of humor. After all, it is hard to conceive of any political duo resembling technocrats more than Gabriel and Schulz (who have been in positions of power and ruled as technocrats for many years and continue to speak in the language of technocrats[\[20\]](#)). Furthermore, their pronounced “courage to try something greater,” their allegedly bold proposal of a “re-founding of Europe” are little more than the typical “muddling through” that states in capitalism do whilst trying to manage capitalism’s crises. However, pointing that out would be a cheap shot.

So let’s take Gabriel and Schulz’s notion of how to “regenerate enthusiasm for Europe”[\[21\]](#) at face value. Gabriel and Schulz want to pursue this by “democratizing Europe.” Still, even though scholarship, including from their own party foundation has shown the role that output legitimacy, i.e. real-concrete material benefits have played when it comes to people’s views of the European Union, Gabriel and Schulz tend to stay within the notional framework that procedural and input legitimacy is what is important when it comes to dealing with the EU’s legitimacy crisis and the fact that, were there to be referendums in other EU member states right now, multiple other states would be leaving the EU as well. Furthermore, Gabriel and Schulz’s suggestions hardly go beyond the usual commonplace suggestions, when they demand that the EU parliament becomes a real parliament which elects a European government just like in the national states which together constitute the EU.[\[22\]](#)

Furthermore, it is definitely interesting to note that they suggest this democratization as a technocratic measure from above. This, however, is crucial because it is indicative of their general technocratic top-down idea of politics which is the exact opposite of the activating

and movement-oriented approaches to politics embodied by Corbyn or Sanders, for instance. However, a democratization presupposes exactly this kind of mobilization because of the social forces that have an interest in the status quo. This is not only because of short-term political opponents to the meager, institutional changes with regard to the role of the EU parliament that Gabriel and Schulz suggest. It is not just the axis Merkel-Schäuble etc. that need to be taken into account here.

The point is that any kind of material democratization would have to tackle the question of the budget rights of the EU Parliament whose ability to implement, for instance, something like a European Marshall Plan, as it has been demanded by the European Trade Union Confederation would currently actually amount to a violation of existing EU primary legislation (for instance Article 126 of the Treaty on the Function of the European Union). As a consequence, without massive mobilizations – that might even constitute a European sovereign (something which the Elite-driven EU does not have and whose lack might be the biggest obstacle for the elite’s project to deepen the integration during the crisis) – this kind of real democratization is not to be had. And insofar as democracy without material foundations is a hollow shell, “postdemocratic” (as Colin Crouch has argued), it presupposes a re-founding of Europe that is real instead of just a catchy slogan. •

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Notes:

1. Sigmar Gabriel and Martin Schulz, “[Europa neu gründen](#),” strategy paper, 24 June 2016.
2. Manfred Schäfers, “[Den Deutschen wird ein Verfechter offener Märkte fehlen](#),” in *Frankfurter Allgemeine Zeitung*, 24 June 2016.
3. See, for instance, the overview in Markus Lippold, “[‘Europa muss neu gebaut werden’: Pressestimmen zum Brexit](#),” in *NTV*, 24 June 2016.
4. Gabriel and Schulz, p. 11.
5. Cf. Peter Dausend and Matthias Krupa, “[Kampf um links](#),” in *Die Zeit*, 29 October 2015.
6. “[Regierung rechnet mit mehr Altersarmut](#),” in *Frankfurter Allgemeine Zeitung*, 13 April 2016.
7. Sigmar Gabriel, “Im Schafspelz: Eine radikale Rechte sagt der Republik den Kampf an. Jetzt braucht Deutschland ein Bündnis der progressiven Kräfte“, in: *Der Spiegel*, No. 25/2016.
8. Nonetheless, the initiative managed to also, albeit largely nominally, get the entire IG Metall leadership on board as well as influential, left-liberal intellectuals including Jürgen Habermas. On the issue of German crisis corporatism see Hans-Jürgen Urban, “Crisis corporatism and trade union revitalization in Europe,” in: Steffen Lehndorff, Ed., *A Triumph of Failed Ideas: European Models of*

Capitalism in the Crisis, ETUI aisbl, Brussels 2012, pp. 219-42 and on its contextualization in the wider and more general political articulation of the global crisis of 2007ff see Ingar Solty, "[The Crisis Interregnum: From the New Right-Wing Populism to the Occupy Movement](#)," in: *Studies in Political Economy* 91, Spring 2013, 87-114.

[9.](#) Wolfgang Streeck, "Vom DM-Nationalismus zum Euro-Patriotismus? Eine Replik auf Jürgen Habermas," in: *Blätter für deutsche und internationale Politik*, No. 9/2013, pp. 75-92.

[10.](#) Given that the EU needs to be understood as a condensation of a relationship of class forces that one cannot break out of, this "agnostic," movement-oriented approach seems to be the best way to tackle the divisive EU question. See also Alban Werner's and my own argument for such a strategic approach in Ingar Solty and Alban Werner, "[Der indiskrete Charme des Linkspopulismus](#)," in *Das Argument – Zeitschrift für Philosophie und Sozialwissenschaften* 316, Vol. 58, No. 2 (June 2016), pp. 273-85.

[11.](#) Gabriel and Schulz, p. 1.

[12.](#) In fact, Gabriel and Schulz don't even seem to be willing to acknowledge that the European Union actually is a train-wreck for the working class and European youth. It appears that, for them, the problem is rather that it appears like a train-wreck to the people who are now refusing to follow their lead in the voting booths – as if the problem were subjective perceptions and a particular discourse about the EU, rather than the real-lived, material reality of youth unemployment, precarious employment, declining real wages, poverty pensions etc. Hence, they write: "For decades, Europe has brought us peace, prosperity and freedom. Never was Europe called into question. Instead, more and more people, whole peoples and countries were dying to become a part of this Europe. Until today.

Today, however, many people *don't believe in this promise anymore, and more and more people are having doubts about Europe*" (p. 1, cursive by the author). Obviously, this goes hand in hand with the Third Way tradition – itself an expression of the "linguistic turn" – of pursuing anti-worker policies and the notion that those policies were unpopular not because they simply were directed against the objective interests of the working class but because they had not been communicated to the working class well enough. This then ties in with the cross-class notion that "everybody is gaining from Europe," which Gabriel and Schulz do not distinguish from the actually existing EU, and that it is simply about "nurturing the conviction" that this is actually the case (p. 2).

[13.](#) Gabriel and Schulz, p.5.

[14.](#) And some might say that such pragmatic stimulus packages will be inevitable in the near future anyway given the fact that, at least on their own terms, austerity measures are not working, insofar as economic contraction entails that public debts grow faster than public budgets can be slashed – at tremendous human costs, of course.

[15.](#) Gabriel and Schulz, p.6.

[16.](#) Gabriel and Schulz, p.6.

[17.](#) Gabriel and Schulz, p.9.

[18.](#) Ibid., p.6.

[19.](#) Ibid., p.2.

[20.](#) In his 2009 book “Links neu denken” (“Rethinking the Left”), which was Gabriel’s attempt to defend Third Wayism against the new German Left Party (Die Linke) and its - nomen est omen - reclamation of representing what is left-wing today, Gabriel even had the audacity to juxtapose the (good) “shaping left” (“Gestaltungslinke”) - administrating neoliberal policy constraints - and the (bad) “protest left” (“Protestlinke”), which simply has not realized yet that politics is best left to good-willed technocrats. In their new strategy paper, Gabriel and Schulz show that they have learned little to nothing from Corbynism, Sanderism etc., when they speak again of “responsible politics” and simply denounce left critics of the neoliberal integration path of the European Union as anti-European. Cf. Gabriel and Schulz, p.2.

[21.](#) Gabriel and Schulz, p.2.

[22.](#) Gabriel and Schulz, p.4-5.

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