

# The European Left and the myth of the European social model\*

**TAKIS FOTOPOULOS**

Two events, apparently unrelated to each other, marked the last two weeks in Europe. The first was the French riots, which made it abundantly clear that ‘New Orleanses’ exist even in the heart of the European ‘social’ model. The second was the inaugural Congress of the ‘European Left’ party in Athens which, just a week before the riots, was celebrating with admirable perceptibility the existence of a ‘social’ model in Europe, which simply needs to be further expanded and improved. Both events attracted varying degrees of publicity. In the former case, the mass media managed to disorientate the public with respect to the real causes of the insurrection, while in the latter the clear aim was to promote the new ‘left opposition’ to neoliberal globalisation. An opposition which, though fully adopting the European Union (EU) which is the main agent of capitalist globalisation in Europe, condemns the expansion of a similar economic block (FTAA) in Latin America!

As far as the insurrection was concerned, the mass media referred to such causes as deficient immigration policies, racial discrimination, unemployment, the failure of multicultural society and so on, but failed to mention the real cause: neoliberal globalisation. However, it is this type of capitalist globalisation which makes impossible the direct social control of aggregate demand and employment in each country –the main aim of Keynesian policies implemented during the social democratic era. This has led to the present massive unemployment and ‘neo-poverty’ in France, Germany, Greece and elsewhere. But, it is also the same type of globalisation that is responsible for the ‘flexible’ labour markets that create conditions of pseudo-employment for millions of people (particularly immigrants) in Britain and elsewhere, disguising open unemployment there through the creation of millions of low-wage, lowish-skill jobs in deregulated service sectors. No wonder, therefore, that a British analyst’s recommendation to the French elite was that, if they wished to avoid further insurrections in the future, they should create lots of similarly bad jobs!<sup>[1]</sup> It is, finally, the same type of globalisation which is responsible for the drastic reduction of the tax burden on the higher income groups (for the sake of competitiveness), which has led, in turn, to the present break-up of the European social model, as is manifested by the drastic reductions of social benefits, the direct or indirect privatisation of health systems etc. And it does not require a high IQ to realise that it is the immigrants and their offspring who mainly suffer the consequences of neoliberal globalisation –something that would go a long way in explaining why they are the first to riot.

As far as the European Left party is concerned, the wishful thinking which characterises

their Declaration is founded on the ahistorical assumption that a European social model continues to exist, and, furthermore, is the model that should be promoted as an alternative to the “American” one. In fact, however, it is simply fantasy to assume the existence of an alternative model to the present global model, which, after emerging in Thatcherite Britain and Reaganite America, spread quickly to Australasia, the countries of the former Soviet block and –through the international organisations which are controlled by the transnational elite (IMF, WTO, WB etc)— all over the world. So, when the EU members adopted the Maastricht, Amsterdam and subsequent Treaties they also embraced all the basic principles of neoliberal globalisation, which the European Constitution simply attempted to codify. It is therefore clear, as I have attempted to show in the past,<sup>[2]</sup> that when the European peoples rejected the European Constitution a few months ago, they also rejected the entire European Union –a fact that the European Left pretends not to realise! The above principles are based on two fundamental assumptions about the dynamics of growth today: first, that the engine of growth is no longer the internal market and ‘national’ capital but, instead, the world market and transnational capital, and second, that the main agent of growth presently is the transnational corporations. Within this general framework, there are certain differentiations that range from the pure neoliberal trend (Britain and ‘New Europe’, i.e. the ex-Soviet-bloc countries), which is on the attack, to the trend expressing the remnants of the social democratic era (Germany, France), which is in constant retreat. At the same time, we may classify the various versions of social liberalism which have developed in Scandinavia as lying between these two trends. In the Scandinavian versions of social liberalism, the remnants of the previously dominant welfare state are maintained mainly by the middle class which –in contrast to the economic elite– primarily bears their cost in tax, while, at the same time, open markets are adopted, flexible labour markets are generalised and private schools and hospitals keep spreading.

It is, therefore, clear that, within the institutional framework of the EU, an alternative social model which would provide effective protection for labour and the environment is impossible, given that such a model would be utterly incompatible with open and deregulated markets and transnational corporations as the main agents of growth. The European Left’s Declaration therefore shows not only the deeply reformist character of this party, but also the utopian nature of its proposals since it is obvious that, even if the EU as a block were to adopt radically different policies to the present ones, it would simply create a huge capital flight from this block to the other economic blocks and competing economic areas (FTAA, Far East), leading to an inevitable currency crisis (in the Euro), which would force it to retreat sooner rather than later. Besides, it is not accidental that no advanced capitalist country has managed to resist the avalanche of neoliberal globalisation so far, irrespective of how strong the indigenous social democratic and labour traditions may have been. This is also the reason why the reformist Left’s view that European elites tend to adopt neoliberal policies simply in order to be likeable to the American elites is both ahistorical and nonsensical.

In fact, as I have attempted to show repeatedly in the past, the present neoliberal policies have a clear ‘systemic’ character and are the inevitable by-product of the (initially informal and later institutionalised) opening of markets, which was made necessary by the post-war spread of transnational corporations. Thus, economic elites, in the institutional framework of open and deregulated markets, justifiably consider neoliberal policies to be precious instruments for the maximisation of their own profits and growth. At the same time, political elites have every reason to adopt similar policies, not only because they are dependent on the economic support of the same elites that finance and promote their

expensive electoral contests, but also because they are fully aware of the fact that, in a market economy, anything which helps to enhance the profits and growth of private businesses will also help to enhance overall economic growth – on which the satisfaction of the consumer needs of the middle classes who vote for them depends.

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[1] Hamish McRae, 'France's challenge: create more bad jobs', *The Independent* (9/11/2005).

[2] See Newsletters #15 & #16.