

## Wolfgang Streeck

The decomposition of the modern state has reached a new stage, in the very country where the modern state was invented. It was the UK under Thatcher that blocked the development of the EU into a supranational welfare state on the postwar British model associated with Keynes, Beveridge and T.H. Marshall. Since then the neoliberal revolution, led by the US and the UK, has for ever closed this window. Instead of protecting Europeans from the maelstrom of the world market, the EU has turned into a powerful engine of liberalisation in the service of a deep economic restructuring of social life. Under the aegis of the EU, the UK has reverted to being two nations, a nation of winners using the globalised world as their extended playing field, and a nation of losers driven from their commons by another firestorm of primitive accumulation. Seeking refuge in democratic protection, popular rule, local autonomy, collective goods and egalitarian traditions, the losers under neoliberal internationalism, unexpectedly returning to political participation, place their hopes on their nation-state. But the existing architecture of statehood is no longer designed to accommodate them, certainly not in the land of Thatcher, Blair and Cameron. Here, those lucky enough to command subnational political and institutional resources, in Scotland in particular, hope to use the EU's supranational state regime to break up the national state regime of the UK, *nota bene* to regain and extend local control, and clearly not to cede it to an authority even more remote than London.

Discontent is widespread. In many other European countries, a similar referendum would have had a similar result. Clearly supranational superstate-building has failed as a political programme, and so, as is now becoming apparent, has the centralised market-building nation-state designed by Thatcher. What comes next? The extent of post-referendum confusion in Britain shows how difficult the issues are. That, for different reasons, the Leave supporters had no Plan A, and the sitting government no Plan B, should not be a surprise. What is surprising are the calls for another referendum, Brussels style, 'until they get it right' – and more surprising still is the anti-Corbyn putsch got up by the same Blairites who were so crushingly deserted by Labour voters. The agenda is daunting. How to balance local and cosmopolitan identity, and how to deal with their different combinations of places, classes, interests? How to combine local protection and global participation? Distinguish protection of traditional ways of life and diversity from xenophobia and racism, and progressivism from elitism? Where to draw the lines, where to open up, to defend borders, work out compromises, accept living with conflicts and contradictions, and respect passions and interests that we don't share?

In the end it will be up to the left to find constructive answers. At the level of European institution-building, one might think about using the impending negotiations on Britain's links with the remainder of the EU to make Europe more flexible, less hierarchical, more voluntary, and more in line with what is called 'subsidiarity' in Euro-speak. A Europe of 'variable geometry' might be attractive not just to post-membership Britain, and pre-membership Scotland, but also to the small countries on the margins of today's EU, like Denmark and Switzerland, not to speak of would-be countries like Catalonia or, perhaps, Wales. I could imagine something like an EU-lite, a platform for voluntary co-operation

between countries and regions through treaties and conventions, a flexible social compact of self-governing political units, often smaller than the large nation-states of today and taking advantage of their small size and the associated ease of movement and decision-making to position themselves productively in the global system, according to their specific resources and capabilities. Such a structure would have to be created bottom-up, bypassing the would-be Leviathan, or Behemoth, in Brussels; it would offer an alternative pattern of European integration and perhaps of modern international statehood, below the superstate envisaged under the 'ever closer union' formula of the old, now outdated treaties, and open to all EU member countries, including members of the EMU. (Interesting models of a two-level currency union are now in circulation.) Not a Europe of two speeds, as French and German integrationists have sometimes proposed, but one of two kinds, competing for national and subnational adherence until France and Germany are left as the only members of the old Brussels establishment.