

# BRAVE NEW EUROPE

*POLITICS AND ECONOMICS: EXPERTISE WITH A RADICAL FACE*

## Wolfgang Streeck: “I definitely prefer a cooperative over an empire”

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Wolfgang Streeck on the EU, Germany, neoliberalism, national state and much more.

Interview by [Noemi Lehoczki](#), author at the Hungarian left-wing news site [Mérce](#) where this interview first appeared.



*NL: For many Hungarians Germany is a socioeconomic and political model to aspire to. In the current structure of the European Union, however, could the German model even be transposed into the context of the European periphery?*

WS: Generally speaking, one should be highly suspicious of the idea that national systems can be transplanted to other countries. Each country has to find its own way to peace and prosperity. This applies in particular in the present case. Germany, highly industrialized and export-dependent, can be and is the growth and prosperity pole of the EU because its currency, the euro, is heavily undervalued, due to it being not just the German currency but also that of the entire Eurozone. While Germany has a huge export surplus, the Eurozone as a whole has an even trade balance. This is an ideal situation for a national economy whose

prosperity depends on exports and therefore on a favorable exchange rate. Consider also that the European monetary union makes the markets of the other member countries effectively captive to the German economy: however high the German export surplus with, say, Italy may be, Italy cannot devalue against the German currency as it is also the Italian currency, foreclosing this path towards improving the competitiveness of Italian economy and its firms.

Moreover, there has for some time been a growing division in the European Union between a center – Germany and, to an extent, France – and a periphery that includes the Mediterranean countries and Eastern and Central Europe, also the East Balkans and, in fact already, the West Balkans as well. Economic convergence in a free international market is near impossible; there are strong forces of path dependence at work here. Nor can convergence be brought about by “structural funds” or “development aid” or however you will call it; not only will it never be enough but it will mostly subsidize existing social structures rather than change them. In any case, the stability of an empire depends on the successful management of peripheral by central elites, including making sure that pro-imperial elites retain power in peripheral countries. This is what a good deal of the politics of the EU-empire is about and will be about in future years, not just in the South but also in the East (where Hungary seems to be able to play with the option of a rapprochement with Russia or even China, a sin against which Poland is immune).

*NL: There are ongoing negotiations in the European Union about a loan that would finance the economic boost to counter the COVID19 crisis. Most media coverage is about Poland and Hungary blocking the negotiations, while Germany's role in the process is often overlooked. Germany previously had opposed Europe-wide debt mutualization – why did they oppose debt mutualization in the first place, and what had changed?*

WS: Debt mutualization among fiscally sovereign countries is impossible, and everybody knows it. No country can allow other countries to indebt themselves if in the end it may have to pick up the bill. As a minimum, debt mutualization would require some authoritative central mechanism allocating to participating countries differential rights to take up debt and controlling how it is used. No country seriously wants this or believes it is practicable. German policy, however, is flexible, especially under Merkel. In 2020 there was a real possibility that without some sort of financial transfer, Italy would leave the EMU and thereby ultimately put an end to the euro. The euro, however, is the German bonanza, and defending it has become Germany's uppermost national interest, as defined by Merkel and the dominant social bloc she has forged, which includes the Social Democrats and the trade unions. So a way had to be found to give in to Italian (and French) pressures for some sort of “transfer union”, as it is sometimes called. The Corona Recovery Fund serves to keep “pro-EU” governments in power in Italy, Spain, and, in the longer term, France – a price worth paying from the German perspective. Note that no cash at all is involved; it's all debt, and there is no decision yet how it will be serviced starting seven years from now – very likely, if you ask me, by more debt. Note also that each country gets something, Corona or not, even Germany and France. Note further that countries are liable only up to their share in the regular EU budget, not for the whole of the fund, and each country's national parliament must approve the fund (and the national share in it). This is far from what the so-called Eurobonds were supposed to be like.

*NL: In your latest book, Critical Encounters, you describe Angela Merkel as “a postmodern politician with a Machiavellian disdain for both causes and people”. Could you elaborate on this?*

WS: This may sound a little too personalizing, which it shouldn't be. Political individuals must be seen in a political context. Merkel happened to have been the perfect answer for her party, the Christian-Democratic Union, to the decline in the 1990s, after unification, of postwar (West-)German conservatism, with the disintegration of the catholic and protestant social milieus, the end of anticommunism as a political rallying point, and the need felt among Germans in the course of the "globalization" push of the 1990s for defending their "competitiveness" in global markets. Merkel's predecessor, Kohl, had lost the 1998 election since voters saw him as outdated, old-fashioned, yesterday's man, compared to the "modernizer" Gerhard Schröder. Merkel, having grown up in East Germany, owed nothing to any of the factions of her party; so a few months into Schröder's first term she could in cold blood oust Kohl as party leader and Schäuble, his presumable successor, for their involvement in a, relatively minor, party finance scandal.

It is on this background that her characteristic political style and her enormous success over so many years must be understood. Merkel presided over a party without a cause, ideologically bankrupt, which allowed as well as forced her to resort to event-driven, opportunistic policies tailored to the moment, devoid of substantive coherence and devised, rather than by party conventions, by public relations specialists with no political background. The reason why as a person Merkel was and is so good at this may have to do with her growing up in the GDR, totally apolitical, as far away from both Christian democracy and social democracy, the ideological poles of West German politics, as from GDR communism. (When she was a child her family moved from Hamburg to the GDR; her father was a Protestant minister who seems to have sympathized with the GDR regime. She apparently never did.) It seems that this gave her a unique preparation for postmodern politics, where the management of impressions and sentiments matters much more than ideological commitments, and where voters decide on the spur of the moment rather than depending on how far a government has managed to move the society in the direction of a general idea, like socialism or respect for the Ten Commandments.

It is this personal history, I think, plus the ideological bankruptcy of her party and, not to be forgotten, the privileged economic position of Germany inside and because of the European Monetary Union that one needs to take into account when assessing Merkel. As opposition leader against Schröder, Merkel set out as a German version of Margaret Thatcher, with a radical neoliberal election platform. After she had narrowly defeated Schröder in 2005, she abandoned neoliberalism literally on the spot as electorally too risky and began, as Chancellor of a Grand Coalition, to "social-democratize" her party. One may assume that by this time she had noticed that her predecessors had already done her neoliberal work for her: Kohl by moving Germany into the European Monetary Union, and Schröder with Hartz IV, both conducive to a national economic performance that gave her as sitting chancellor an enormous advantage in the next four national elections. Having cornered the SPD Merkel then moved to cornering the Greens too, preparing the next coalition by transforming herself, within weeks after the Fukushima incident in 2011, from Atomkanzlerin ("nuclear energy chancellor") who told voters that as a physicist she knew for sure that nuclear energy was safe, into the chancellor of the anti-nuclear "energy turn". (When Thatcher said of herself, This lady is not for turning, Merkel would have thought, How stupid.) Or take the Bundestag vote in 2017, a few weeks before the national election, when the Greens and the SPD had moved a "marriage for all" law to embarrass the CDU/CSU. Merkel, characteristically, removed the whip from her party and looked on how the law passed, herself abstaining from voting – and never publicly explaining why.

*NL: Talking Merkel inevitably reminds the Hungarian people of the 2015 refugee crisis. Liberals worshipped her for her open borders policies, conservatives had hated her for Willkommenskultur. But are any of these positions justified at all?*

This is another example of her virtuosity as a post-democratic politician. In the spring of 2015, she failed to get her party to agree to an immigration regime that would have supplied the German economy with urgently needed labor, given the very low German birth rates. She had also suffered a rare public relations disaster when on live television she told a young Palestinian refugee, a girl, that she might have to return to Palestine because “we, unfortunately, cannot take everybody”, upon which the girl started crying. In the subsequent uproar on Twitter Merkel earned the nickname, “Ice queen”. Then came the Budapest railway station, and Obama’s demand that Germany, having under Schröder refused to join the Iraq war (against Merkel’s opposition), took care of the mostly Syrian refugees there, to help manage the mess the American intervention had caused. Investigative reporting has uncovered that the order to the border police to let the Budapest refugees pass into Germany was originally only for one weekend. But when she saw the enthusiasm of parts of the German population about being celebrated internationally as models of virtue and solidarity, she decided to leave the border open, letting it be known that in the modern age, borders cannot be controlled anyway, and in any case, everybody had a human right to come to Germany and ask for “asylum”. Only a few days later, she started secret negotiations with Erdogan on a deal under which Turkey would receive billions of euros from the EU for preventing refugees crossing the Mediterranean into Greece. When the negotiations took time – during which the AfD almost doubled its votes in a number of regional elections – Merkel told her party convention in early 2016 that “an event like September 4, 2015 must not be allowed to repeat itself” and that taking in the refugees was really a European and not just a German obligation. In this way, she managed to present herself at the same time an angel of the refugees and shrewd states-woman who got Turkey to protect Europe from being overrun by migration.

*NL: Merkel is leaving politics next year. Do you think Germany will remain a relatively stable country even after her departure, or the political turmoil that is prevalent on the continent will eventually reach Germany too?*

WS: The question is what you mean by stability. Will the CDU remain the biggest party? This is likely. Remember what I said about Germany being the prosperity pole of the EU. As long as the euro beefs up the German economy, the CDU will rule, from next year on very likely with the Greens. While throwing off the SPD may create an impression of change, policies will by and large be the same, a little more climate protection perhaps and the like. Rhetoric aside, the Greens will not demand changes in European and foreign policy; they will tacitly support increased military spending in honor of Joe Biden; and they will insist on refugees being treated as a “European” affair, not a German one, which they hope will keep the AfD small. Countries like Hungary and Poland may come under more pressure than today for their family and immigration policies, but the CDU/CSU will do its best that this won’t undermine German influence in Eastern Europe or drive Eastern European countries into the arms of Putin. All of this may be different in a major economic crisis, perhaps caused by American decline or the next virus appearing on the scene. And, of course, tensions inside the EU are not to be discounted. Salvini may return, Macron may be followed by Le Pen etc. At some point, the compensation payments Germany will have to make to other member countries may simply become so high that raising the money will cause major domestic conflicts. Then all bets may be off, also because the AfD may return in a politically more sophisticated version. German hegemony in the European Union was and is to a large extent built on promises on

which Germany or the EU, largely run by Germany, will not be able to deliver, like for example a Europe-wide allocation of migrants by fixed national quotas, or permanent transfer payments to the Mediterranean countries.

*NL: You are a harsh critic of the European Union, which is not ubiquitous on the left. In your view, why should sovereignty be an important value for the left in the 21st century, and may the principle of sovereignty coexist with the traditional left-wing value of international solidarity?*

WS: “The main enemy of neoliberalism is the sovereignty of the people”, as Chantal Mouffe puts it. Today’s globalism, which declares national sovereignty outdated, even dangerous and immoral, is essentially an attempt to exclude democratic politics from the governance of the economy, turning the economy over to a “free market” on a global scale. That market is in fact not free, but an empire of huge firms operating globally but based nationally, almost all in the United States. Moreover, there is no lack of national sovereignty in that empire, only that it is the sovereignty of the hegemonic states, above all the United States, that lord over the non-hegemonic, peripheral states. Anti-sovereign rhetoric is the rhetoric of the powerful afraid of the less powerful insisting on their independence and on the democratic will of their citizens. What the strong want to eliminate is the sovereignty of the weak, not their own sovereignty. The United States never intended to merge their “indispensable nation” (Obama) into a globally de-nationalized world economy and society. The “New World Order” proclaimed by G. H. W. Bush after 1990 was to be an order, not without sovereign nation-states, but with just one sovereign nation-state, the United States. That state, acting as a world-state in waiting, was to take the place of the so-called Liberal International Order, which was allegedly multilateral but had in effect increasingly become unilateral and imperial.

As to the European Union, yes, I am a “critic” of it, as you say, but not because I am against peace and cooperation among European countries, to the contrary. As a devoted European I insist that Europe is not the same as the European Union, as much as EU functionaries and beneficiaries may try to make us believe this. I am a nationalist only in the sense that I am against imperialist anti-nationalism, which I identify with hierarchical, techno-bureaucratic centralized rule by nations over nations with different historical settlements between capitalism and their societies’ ways of life. I am all in favor of a European Union or however it may be called, but it should be a cooperative of democratic nation-states, a confederation if you will, of states which in order to be democratic must be sovereign since without sovereignty democracy runs dry. I definitely prefer a cooperative over an empire. If the EU continued to develop the way it did since the 1990s and until the financial crisis, it would result in Germany, with or without France, governing the rest of the member states through the Brussels bureaucracy.

In fact, one reason why I am against the kind of European Union that has been shaping up for the past two decades is that Germany would inevitably be its hegemon, more or less hidden behind a deeply asymmetrical alliance with France. A German European empire lacks both historical legitimacy and the resources needed to compensate dependent peripheral countries for accepting German rule. The result would be perennial tensions between Germany and the rest of Europe, as well as inside Germany over the price to pay for empire. I want Germany to live in peace with its neighbors, on the model perhaps of the Scandinavian alliance of democracies that have long been cooperating in the Nordic Council without needing a hegemonic state to discipline them.

Concerning “traditional left-wing international solidarity”, as you put it, what it meant was above all cross-national solidarity among classes, not classless solidarity among states. Organized workers in one country were to support organized workers in other countries in their struggle against capitalist exploitation, for example through solidarity strikes or by refusing to engage in wage competition with the workers in other countries. Why this should require abolishing national sovereignty at the state level escapes me. Countries should to the contrary be helped to exercise their sovereignty, for example in taxing their very rich – there are lots of very rich precisely in so-called poor countries, which is in part why these countries are poor. Such help would include the Left in rich countries fighting unlimited mobility of capital. Poor countries should not have to depend on paternalistic handouts from rich countries or international organizations. International solidarity can support but cannot replace national struggles for worker rights and democracy, nor will “global governance” deliver economic and democratic convergence between rich and poor nations or regions. Democracy and equality cannot be decreed from above by a benevolent international bureaucracy, be it located in Brussels or in New York; it has to be fought for from below and on the ground, which can only be a national ground. “Workers of all countries unite” means fighting for democracy in your own country while helping as best as possible others doing the same in their country. Solidarity and internationalism are important, but if they are vested in international markets and imperial organizations all you get is neoliberalism and imperial rule; they must be rooted in national politics and fought for from there, or they won’t get very far.

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