

## Shielding the Market from the Masses: Economic Liberalism and the European Union

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Michael A. WILKINSON, *Authoritarian Liberalism and the Transformation of Modern Europe* (Oxford University Press 2021) pp. 352.

In a well-known ancient fable, one child topples the myth that has captivated the masses by pointing out: *the Emperor has no clothes*. Michael A. Wilkinson is here, in his outstanding new book, telling us the unvarnished truth about the European Union. He is one of the first scholars to depict, with devastating clarity, what has been perfectly plain to see all along. The European Union is not the world's greatest champion of democracy, despite decades of academic contortions to explain why its famous democratic deficit can be mended, or does not exist, or does not matter. The EU's rhetorical commitment to human rights, or the welfare of the member states, or to any of the abstract political ideals it claims to embody are secondary to its core purpose: to advance the project of economic liberalism. This is a project that has been pursued at all costs, even up to the point of inflicting immense suffering on the populations of the member states it claims to protect. *Authoritarian Liberalism and the Transformation of Modern Europe* charts the history and development of the organisation now known as the European Union, and traces the corresponding role of legal scholars in providing the theoretical basis for its actions.

### AUTHORITARIAN LIBERALISM

In his seminal work published in 1949, *The Great Transformation*, Karl Polanyi argued that liberal economic theory attempts a futile exercise. A self-regulating market cannot survive for 'any length of time without annihilating the human

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and natural substance of society'.<sup>1</sup> The consequences of untrammelled capitalism are so dire for the human condition that they inevitably provoke a backlash, or 'the double movement'. As market fundamentalism spreads, it is matched by resistance as 'society protected itself against the perils inherent in a self-regulating market system'.<sup>2</sup> He argued that laws and state institutions must be shaped to advance economic liberalism and temper the resulting backlash. The damage done to democratic structures in order to advance the cause of market fundamentalism, Polanyi argued, inevitably facilitated the rise of fascism. In a similar vein, German scholar Hermann Heller, who coined the term *authoritarian liberalism* in the 1930s, described it as economic liberalism combined with 'dictatorial contract by the state of politico-intellectual functions'.<sup>3</sup> Heller was writing in direct response to Carl Schmitt, who in 1932 had publicly argued in favour of a powerful state to depoliticise the economy and facilitate the operation of the free market.<sup>4</sup> To Heller, Schmitt's authoritarian liberalism was hostile to parliamentary democracy, and favoured a powerful executive prepared to secure a rule-based competitive market economy. The economy would be 'de-politicised' and isolated from the realm of democratic debate; an approach later favoured by the ordoliberal movement and, Wilkinson argues, adopted by the European Union.<sup>5</sup>

The perspective that has dominated since the end of the Second World War is that mass democracy is liable to descend into totalitarianism. Post-war, it was widely accepted that a more limited vision of democracy had to prevail to ensure that the people were protected from themselves. Wilkinson challenges this narrative, and puts forward an alternative account of the collapse of democracy in the interwar years. Austerity was imposed in advance of the election in Weimar Germany in 1932, leading to devastating deflation. Wilkinson argues that the economic conditions that gave rise to the collapse of democracy in Weimar Germany have often been overlooked, and this crucial context forms the backdrop for Hitler's rise to power. Economic liberalism, which gives rise to major socio-economic inequality is, on this account, the primary threat to democratic well-being. Wilkinson draws on Polanyi and Heller's work to argue that the European Union can be best understood as exercising *authoritarian liberalism*. Wilkinson suggests, at p. 3, that this concept:

<sup>1</sup>K. Polanyi, *The Great Transformation* (Beacon 2001) p. 3.

<sup>2</sup>Ibid., p. 80.

<sup>3</sup>H. Heller, 'Authoritarian Liberalism?', 21 *European Law Journal* (2015) p. 295 at p. 300.

<sup>4</sup>See R. Cristi, *Carl Schmitt and Authoritarian Liberalism: Strong State, Free Economy* (University of Wales Press 1998). See, in particular, Appendix of Cristi for translation of C. Schmitt, 'Strong State, Free Economy: An Address to Business Leaders' 23 November 1932.

<sup>5</sup>W. Streeck, 'Heller, Schmitt and the Euro', 21(3) *European Law Journal* (2015) p. 361.

... captures the phenomenon of a liberalism that is pursued by authoritarian means, in ways that avoid robust democratic accountability. It is liberal in the sense that it depoliticises the economy, naturalises inequalities and values markets, competition and private ownership.

Many will baulk at the word *authoritarianism*, not a term associated with the polished veneer of the EU, with its lofty commitments to democracy and human rights. The contemporary narrative is, of course, that we have enjoyed a golden era of democracy since the Second World War. In fact, Wilkinson points out, it is *liberalism* that has flourished, which too often has been conflated with democracy. Wilkinson conceives of authoritarianism in opposition to democratic government and democratic change in particular, rather than in opposition to liberalism. On this account, authoritarianism does not always stem from violence or open coercion; it can arise when political alternatives are erased, dissent is discredited and democracy is, in the words of Peter Mair, 'hollowed out'.<sup>6</sup> Wilkinson argues at p. 75 that in the case of the European Union, what has transpired is a 'soft authoritarianism ... repressing popular sovereignty, parliamentarism, and the democratic ethos itself, in favour of a hierarchical system of authority with deference to technical expertise'. In the style of Carl Schmitt, the European Union favours an all-powerful executive, suppression of popular sovereignty, enforced homogeneity and disdain for parliamentary democracy.

Wilkinson makes a compelling case that the European Union is a striking embodiment of what Polanyi predicted: an institution designed to promote and preserve economic liberalism using the full force of its laws and institutions. Where necessary – as in the Euro Crisis – it will circumvent its own rules and norms to ensure the survival of its economic project. Wilkinson builds on Polanyi's analysis to show how the European Union's commitment to economic liberalism has weakened democratic norms, and the modern day backlash through rising support for 'populist' parties is the inevitable result. The four keystones of the European Union – freedom of capital, people, goods and services – are economic in nature. Ordoliberal principles of fiscal consolidation, no mutualisation of debt and price stability are the fabric of the European Union's de facto constitution. The EU has successfully insulated its economic policies from democratic debate, but if the system does not allow for any alternatives, inevitably disgruntled voters turn to political movements and parties that promise to dismantle prevailing European Union power structures. As Polanyi predicted, the inevitable rupture – the double movement – emerges as the public reject the narrow European vision imposed on them. History is repeating itself: much as the weakening of democratic structures to protect economic liberalism during the Weimar

<sup>6</sup>P. Mair, *Ruling the Void: The Hollowing-Out of Western Democracy* (Verso 2013).

Republic paved the way for fascism, the prioritisation of economic liberalism above all else has paved the way for the rise of modern-day far-right, authoritarian political movements.

#### THE POST-WAR YEARS

One of the most novel aspects of Wilkinson's claim is that the beginnings of authoritarian liberalism have been evident in the European Union since its inception as the European Economic Community. The post-war years, *Les Trentes Glorieuses*, occupy a space in European collective memory as a golden age of widely shared economic prosperity after the horrors of the first half of the century. Wilkinson rejects the glorification of that period, which he views as a band-aid over the worst excesses of capitalism, which required no alteration to its fundamental structure and had little or no transformative potential. But for all its imperfections, it should be noted in response that the post-war commitment to Keynesianism and the creation of the modern welfare state did what no other structure has managed to do to date: meaningfully promote economic equality by placing a powerful constraint on concentrated oligarchic wealth.<sup>7</sup>

Yet Wilkinson makes a convincing case that the tempering of the excesses of capitalism in the wake of the Second World War was driven by pragmatism; the spectre of the Soviet Union acted as an incentive to advance economic equality, rather than any meaningful ideological shift. The post-war years, he writes, were not an era of social democracy, but of ordoliberalism and Christian democracy which were united in their opposition to socialism. The desire for political stability was paramount, leading to the rise of elite-managed, 'extreme centrism'. Left wing parties began to abandon their Marxist sympathies, their commitment to the working class or class-based politics, and move away from their open rejection of capitalism. Mass democracy and legal positivism were characterised as the causes of fascism; the crisis of capitalism that preceded the collapse of the Weimar Germany was forgotten; collective memory blamed the irrationality of the masses at the ballot box. As Wilkinson describes at p. 74:

... the masses were not trusted to maintain liberal democratic institutions without the strong moral guidance of constitutional and political elites... the key constitutionalist programmes were elite-led and elite-managed. This was nowhere more evident than in the project of European integration.

<sup>7</sup>S. Moyn, *Not Enough: Human Rights in an Unequal World* (Harvard University Press 2017) p. 35.

The failure of liberal democracy in the interwar years, and the subsequent rise of fascist and totalitarian regimes prompted interest in how constitutional structures and institutions could be used to curtail the power of the mob, by restraining popular sovereignty and weakening of democratic branches. This perspective was exemplified by the growing interest in the field of militant democracy, which argued that democratic systems should vigorously resist the rise of movements which threaten their foundations, in the tradition of Karl Loewenstein.<sup>8</sup> In practice, this means greater reliance on judicial and technocratic institutions at the expense of democratic representativeness, which Jan Werner Müller described as the growth of ‘constrained democracy’.<sup>9</sup> Mass participation in democratic institutions was considered to be undesirable, even dangerous. One might add that this attitude was present not just in constitutional theory, but also in political science and democratic theory, which continually downplayed the importance of public participation, and instead warned against the involvement of mass society in political activities. Remarkably, many of the leading thinkers of the day concluded that the best democratic systems were ones which had minimal input from the public at large.<sup>10</sup>

## ORDOLIBERALISM

An intellectual movement that would have profound impact on the shaping of the European Union, as Wilkinson outlines, was ordoliberalism, which became the dominant mode of economic thought in West Germany in the post-war years. Ordoliberalism is an all-encompassing vision of how all economic and political activity in society can be governed through law, and in that respect it is more comprehensive than a conventional economic theory.<sup>11</sup> Wilkinson writes that the concept of ‘economic constitution’ first advanced by Frankfurt School theorists such as Franz Neumann (who envisaged democratic control over the economy), was co-opted by the Freiburg ordoliberals after the Second World War. They bestowed the term with precisely the opposite of its original meaning. In its ordoliberal conception, the economy would be shielded from the political realm. Classic liberal economic theory prevails, but within a state-enforced,

<sup>8</sup>K. Loewenstein, ‘Militant Democracy and Fundamental Rights, I’, 31 *The American Political Science Review* (1937) p. 571.

<sup>9</sup>J.W. Müller, *Contesting Democracy: Political Ideas in Twentieth-Century Europe* (Yale University Press 2011).

<sup>10</sup>J. Schumpeter, *Capitalism, Socialism and Democracy* (Harper 1942); R. Dahl, *A Preface to Democratic Theory* (Chicago University Press 1956); G. Sartori, *Democratic Theory* (Wayne University Press 1962).

<sup>11</sup>C. Joerges, ‘The Overburdening of Law by Ordoliberalism and the Integration Project’, in *Ordoliberalism, Law and the Rule of Economics* (Hart Publishing 2017) p. 183.

rule-based culture. Core economic freedoms (freedom of contract, private property) and the commitment to open competition between market actors are guaranteed by law. While sympathetic to the Anglo-American neoliberal thought that became ascendant in the 1980s, ordoliberalism openly envisages a prominent role for the state, arguing that robust antitrust laws are needed to break up monopolies and cartels to ensure the free flow of competition. The state serves an instrumental purpose in creating the necessary conditions for economic activity (*Staatsverfassung*) but should refrain from Keynesian-style economic stimulus. Mistrust of both excessive public and private power is a driving feature of economic constitutionalism, as the original ordoliberals believed that ‘unbridled capitalism would be as destructive as unfettered democracy’.<sup>12</sup> The concept of the economic constitution is designed to defend the marketplace from what are perceived to be twin evils: excessive influence of private and political actors. This would be the best means of ensuring that the ideals of economic liberalism were not undermined by the erratic voting public, by creating ‘the conditions of the free market through constitutional rights, technical intervention and legal regulation’.<sup>13</sup> In short, economic constitution demands the depoliticisation – namely, the de-democratisation – of the rules of political economy.<sup>14</sup> This leads us to the project of European integration, beginning with the Treaties of Rome and Paris. These were designed, Wilkinson argues at p. 77, to:

... separate the political domain from the economic by establishing technocratic and juridical mechanisms of market integration, problem-solving, regulation and conflict resolution. This is pursued by laying down the foundations for a common European market, motivated by classical economic imperatives of attaining efficiency through competition, now guarded by new non-democratic institutions.

The disillusionment with mass democracy and the desire for political stability facilitated the project of European integration, an elite-driven project with minimal public input. German ordoliberal tradition, with its preference for rules established through law, coalesced with the interests of other major players, the UK and France, who were unwilling to cede major political power. The end result was the European Economic Community which Wilkinson describes at p. 93 as ‘akin to a federation, but not to a federal state’. Member states lost sovereignty over economic decision-making, but not warfare or welfare. The member states retained core freedoms, but were no longer fully sovereign, ‘presented as they were with supranational limits on governmental activity in ever-expanding areas of

<sup>12</sup>M.A. Wilkinson, *Authoritarian Liberalism and the Transformation of Modern Europe* (Oxford University Press 2021) p. 120.

<sup>13</sup>Ibid., p. 121.

<sup>14</sup>Ibid., p. 120.

constitutional concern'.<sup>15</sup> The primacy of popular sovereignty was jettisoned; and states are united 'through their ruling elites'.<sup>16</sup> In the wake of the Treaty of Rome, Wilkinson acknowledges there was still considerable divergence of economic management within the EEC, and varying capitalist systems around Europe. While the ordoliberal framework was formally entrenched by the Economic and Monetary Union in the Maastricht Treaty – such as the overarching commitment to price stability – he claims that the 'motivating ideas could be identified much earlier'.<sup>17</sup>

From this perspective, the resurgence of economic liberalism – or neoliberalism – in the late 1970s, consolidated by Maastricht Treaty and afterwards, was a continuation of the trends that had begun after the Second World War to suppress democratic forces in favour of liberalism, aided by the dominance of Christian democracy and ordoliberalism. Wilkinson's account contrasts with the dominant narrative of this period, namely that the end of the 1970s signalled a sharp break with the post-war years. David Harvey, for example, argues that the rise in support for economic liberalism – reborn as neoliberalism – represented an elite-driven backlash to the material egalitarianism of the post-war years, which had seen their share of capital shrink for the first time.<sup>18</sup> For EU scholars, the Maastricht Treaty is usually identified as the moment when the European project fully embraced economic liberalism.<sup>19</sup> But Wilkinson's contribution is to add an extra layer of nuance to this story. The post-war years, it is widely accepted, represented a compromise between labour and capital. But when capital decided to renege on its side of the bargain, labour was at a loss to halt the resurgence of economic liberalism. If mass democracy had not been sidelined in favour of centrism, technocracy and stability in the post-war years, Wilkinson suggests, the return of economic liberalism might not have been quite so successful.<sup>20</sup>

## CONSTITUTIONALISING ECONOMIC LIBERALISM

The Maastricht Treaty laid the foundations for the modern-day European Union, and consolidated the economic ideology that was to guide the organisation for the next 30 years. By the arrival of the new millennium, Europe had established a

<sup>15</sup>Ibid., p. 93.

<sup>16</sup>Ibid., p. 93.

<sup>17</sup>Ibid., p. 122.

<sup>18</sup>D. Harvey, *A Brief History of Neoliberalism* (Oxford University Press 2005) p. 19.

<sup>19</sup>E. Balibar 'The Rise and Fall of the European Union: Temporalities and Teleologies', *Constellations* (2014) p. 202.

<sup>20</sup>As he describes at p. 275: 'This blockage of the constituent power, the "undoing of the demos" did not occur only after Maastricht. It was cemented at Maastricht, but its foundations were laid at the outset of the post-war project'.

partial monetary union, and defied every leading economists' recommendation by choosing to leave out a fiscal union. The member states had ceded control over monetary policy (interest rates) to an unaccountable central institution, the European Central Bank, which was fixated solely on curbing inflation.<sup>21</sup> They had established a single currency, meaning that exchange rates would no longer fluctuate quite so wildly – but on the other hand, diverse member states would no longer be able to internally devalue their currency to make themselves more competitive. Strict fiscal rules on the rate of public deficit meant that Keynesian economic policies were out of the question for ailing member states: they could no longer spend their way to economic recovery. Nor could they rely on their European neighbours for assistance, as debt mutualisation or a central fund had been ruled out. But any attempts to operate a monetary union between divergent nations, with an independent monetary policy, with national fiscal sovereignty but without provision for a bailout clause are bound to end in failure.<sup>22</sup> If any member state was to experience economic shock, austerity would be its only option. As economist Ashoka Mody put it, '[t]he Maastricht contract essentially said that if a member country had a heart attack, it would receive no emergency care'.<sup>23</sup> To continue the analogy, the idea was that member states should take sufficient care to avoid having a heart attack in the first place. But, of course, even with the best intentions, heart attacks are sometimes unavoidable, and institutional design should not be based on the premise that the worst case scenario ought not to happen in the first place.

Wilkinson writes that the post-Maastricht era presented a paradox. On one hand, there was widespread endorsement and enthusiasm from national and European politicians, media, and academics. But disquiet was evident from local and national movements which occasionally pierced through to the elite consciousness, notably the German Constitutional Court's *Maastricht* decision and later, the intermittent rejection of EU treaties by the populations of various member states. By and large, Wilkinson argues, European constitutional theory echoed this disconnect: it granted little weight to popular sovereignty or constituent power, the democratic deficit was explained away, and the consolidation of

<sup>21</sup>Art. 127 TFEU. The European Central Bank has been described as 'the most independent central bank in the world . . . There is hardly an institution that corresponds more closely to the ideal of authoritarian liberalism'. See, W. Streeck, 'Heller, Schmitt and the Euro', *European Law Journal* (2015) p. 369. See also B. Eichengreen, *The European Economy since 1945: Coordinated Capitalism and Beyond* (Princeton University Press 2006) p. 355 and K. Dominguez, 'The European Central Bank, the Euro and Global Financial Markets', 20(4) *Journal of Economic Perspectives* (2006) p. 67 at p. 73-74.

<sup>22</sup>H. Beck and A. Prinz, 'The Trilemma of a Monetary Union: An Impossible Trinity', 47 *Intereconomics* (2012) p. 39.

<sup>23</sup>A. Mody, *Eurotragedy* (Oxford University Press 2018) p. 93.



economic liberalism largely accepted.<sup>24</sup> The justification for constitutionalisation was increasingly presented as the normative force of the ideals rather than any democratic affirmation or consent by a European people to be ruled according to them. But as Wilkinson points out at p. 145, ‘if a new constitutionalism was being forged without democratic support or popular constituent backing, this could not be sustained other than by authoritarian means’. By downplaying the importance of popular sovereignty, much of the European legal academy are culpable, in Wilkinson’s eyes, for providing the theoretical justification to bypass mass democracy in the European project.

Constitutional scholar Ran Hirschl has long argued that constitutionalisation can serve as an effective means for political actors to remove contentious areas of policy from the sphere of legitimate democratic debate.<sup>25</sup> In the case of the European Union, the new reliance on constitutionalisation signalled a swathe of transferred power to the Court of Justice, the European Central Bank and the Commission, and a myriad of bureaucratic agencies. Efforts to expand the power of the European Parliament did little to change the fact that it was – and remains – the weakest arm of the Union. This limits the scope of the democratically-elected branches to effect change, constrained by external imposed constitutional restraints. Power is located in the executive branches or siphoned off to technocratic institutions that are independent of the political system, and accordingly, largely unresponsive to the public.<sup>26</sup> Accountability and transparency mean little if there is no realistic means of demanding an alternative. Moreover, efforts to remove contested political matters from the democratic branches cannot deprive a topic of its political saliency; it simply shifts *who* makes the decisions, politicising the so-called ‘independent’ branches in the process.

But beyond the expanding role of the unelected institutions, it is important to examine what happens when a contested political question is removed from the political sphere and cast as a universalising principle in a constitutional document. While constitutions often contain broad, relatively uncontroversial commitments or values that the public at large subscribe to (such as a commitment to justice, democracy or peace) it can also contain highly contested normative commitments. Special interests can be cast as universalising principles. A binding commitment to price stability, for example, sits alongside a commitment to fundamental rights. Placing those normative commitments in a constitution guarantees their entrenchment, given that they might be vulnerable to erasure within

<sup>24</sup>M.A. Wilkinson, *Authoritarian Liberalism and the Transformation of Modern Europe* (Oxford University Press 2021) p. 165-167.

<sup>25</sup>R. Hirschl, *Towards Juristocracy* (Harvard University Press 2004).

<sup>26</sup>See F.W. Scharpf, *Governing in Europe: Effective and Democratic?* (Oxford University Press 1999).

the confines of the political system. By and large, constitutions set the framework for the exercise of political power: if the rules of the game can be narrowed, it ensures that the political domain is operating within pre-configured confines. In the case of the European Union, the rules are cast iron, set down in the founding Treaties and effectively unamendable by the member states.<sup>27</sup> Given that the European Union has constitutionalised one form of economic ideology, economic liberalism, it is no longer possible to have a meaningful political debate over anything but the minutiae of economic policy: its fundamental direction has been predetermined. In other words, economic policies have effectively been excluded from democratic decision-making, and superimposed on member states. And, as Wilkinson writes at p. 188, if there was no politically viable alternative to economic liberalism, 'what was the function of democracy any longer? . . . it had disappeared as a meaningful process'.

#### THE EURO CRISIS AND AUSTERITY

How did the Europeans persuade themselves that any of this was a good idea? A small band of European politicians and civil servants, spurred on by the enthusiasm of academics, convinced themselves it would work because they wanted it to work. The Euro was, alone, an ambitious aim. But the combination of the single currency underpinned by a rigid ordoliberal ideology was to prove catastrophic. As Wilkinson puts it at p. 203, 'the ink was barely dry on the Treaty of Lisbon when the global financial crisis demonstrated that the EU was not fit for the purpose of tackling it'. When disaster struck in 2008, EU leaders wasted valuable time as they stalled and remained deeply in denial at the scale of the crisis engulfing the EU. When they were finally forced into action, the EU clung to the traditional right-wing solutions of 'fiscal consolidation', or austerity, demonstrating the depth of the European Union's ordoliberal commitments. While the European Central Bank provided liquidity to European banks, it refused to countenance dramatically lowering interest rates in the way that the United States Federal Reserve had done. The European Central Bank remained wedded to its 'stability ideology', convinced that any reduction in interest rates would lead to a spike in inflation, and quashed any major attempts to initiate a Keynesian-informed response to the crisis. Instead of casting blame on the financial sector, or indeed regulatory institutional policies and governance, attention shifted to the

<sup>27</sup>Wilkinson, describing the European Central Bank's priority of price stability, notes at p. 101 that it was 'effectively constitutionalised, based on Treaty provisions close to unamendable, since amendment would require unanimous consent from all the member states. This made its mandate more resistant to change than many entrenched domestic provisions'.

national responsibility of the countries in question.<sup>28</sup> The European Union refused to countenance allowing banks to default on their debt, and blamed member states who had been forced to recapitalise their ailing banks for creating a 'sovereign debt' crisis. This narrative obscured that the heart of the crisis was caused by the private sector, and was deliberately designed to legitimise the imposition of austerity and deflect attention from the European Union's own role in worsening the crisis.<sup>29</sup> Attempts by member states to renegotiate unsustainable levels of debt were rejected. Multiple bailouts were agreed by the International Monetary Fund and European leaders for creditors, along with strict program of austerity for 'debtor' member states: structural reform, tax increases and a dramatic reduction on public spending. As Wilkinson writes at p. 154, the status of formal equality between member states obscured what was, in a reality, a stark imbalance of economic and political power between its member states, in sharp contrast to the homogenous political economic theory that was being enforced. Citing Clause Offe, Wilkinson points out that the events of the Euro Crisis demonstrate that physical occupation or violent coercion are no longer needed for another country to dominate another. In 1949, Karl Polanyi was able to write that 'no private suffering, no restriction of sovereignty was deemed too great a sacrifice for the recovery of monetary integrity'.<sup>30</sup> He could as easily have been writing about the European Union's commitment to enforce austerity to save the single currency, rather than the inter-war efforts to preserve the gold standard.

Austerity, Wilkinson explains, is not just an economic theory but a political and economy ideological strategy that disproportionately targets certain groups. The burden of austerity is not borne equally, not even within the debtor member states: those who suffered most were those who were most reliant on public services. Yet parties across the political spectrum largely accepted the imposition of austerity, which, in many instances, obliterated support for Europe's left-wing, social democratic parties. This legitimisation took the form of a careful creation of the sense of collective responsibility and moralisation of the 'debtor' member states. By successfully framing austerity as the only viable means of tackling the crisis, any resistance to austerity was dismissed or ridiculed. Political movements

<sup>28</sup>There was an attempt to explain the problems of the southern countries exclusively in terms of their economic policy errors, which was only part of the truth, and probably, not the most important part, because these errors were the result of poor EMU architecture and that was, obviously, everyone's responsibility': L. Máximo dos Santos, 'European Monetary Union: Political Motivation', in N. da Costa Cabral et al. (eds), *The Euro and the Crisis: Perspectives the Eurozone as a Monetary and Budgetary Union* (Springer 2017) p. 120.

<sup>29</sup>See further A. Mody, *EuroTragedy: A Drama in Nine Acts* (Oxford University Press 2018); J. Stiglitz, *The Euro* (Penguin 2016); M. Blyth, *Austerity: The History of Dangerous Idea* (Oxford University Press 2013); M. Wolf, *The Shifts and the Shocks* (Penguin 2014).

<sup>30</sup>Polanyi, *supra* n. 1, p. 148.

that argued against austerity or criticised the European Union were frequently characterised as risky, unstable or ‘populist’ and posing a threat to economic recovery.<sup>31</sup> Those movements were viewed as being out of touch with reality, failing to grasp the intricacies of the financial crisis, and by rejecting austerity, simply telling the public what they wanted to hear, rather than the unpalatable truth. Characterising austerity as the only ‘real’ option was a successful means of manufacturing consent by the majority of the public, who reluctantly accepted austerity as inevitable. But despite all the attempts to cement austerity as a necessity, rather than an economic and political choice, it has proved to be the greatest blunder by the European Union, creating as it did a surge in support for Eurosceptic parties. It drove the low-income voters of Europe into the arms of political parties who can argue – with a great deal of credence – that the EU does not prioritise their welfare. All the while, commentators and academics puzzle over this rise in anti-European sentiment, which has obliterated the fiction of an ‘ever-closer Union’.

The Euro Crisis consolidated the EU’s preference for discretionary executive action over political debate, as Wilkinson notes at p. 122: ‘intergovernmental authority and informal power [was] exercised in increasingly coercive fashion’. The EU increasingly circumvented its own rules and procedures, such as the purportedly independent European Central Bank issuing instructions to domestic political leaders (the so-called ‘Trichet-Draghi letter) and the Outright Money Transactions and Quantitative Easing programs instigated – far too late – in 2012. Other undecidedly undemocratic actions included the refusal to recognise the Greek public’s rejection of the Troika-imposed bailout terms and the replacement of Italian prime minister Silvio Berlusconi by Mario Monti in a European-orchestrated, technocratic coup. While many scholars have been highly critical of the European Union’s coercive behaviour during this period, many attribute it to the scale and seriousness of the Euro Crisis, rather than an intrinsic element of the EU’s makeup. Other critics have argued that the European Union’s problem lies in its incompleteness: the introduction of a fully-fledged political union, a federal European Union, would finally complete the circle. But what those scholars never seem to address is why countries that bore the full brunt of austerity would want to have a deeper and more permanent union with an organisation who viewed them as collateral damage in their myopic pursuit of preserving economic liberalism. Wilkinson is one of the few scholars who have identified that the Euro Crisis was the inevitable product of the EU’s flawed ideology, rather than the lack of political union or the supposed irresponsibility of profligate member states.

<sup>31</sup> See, for example, P. Spiegel, ‘Donald Tusk interview: the annotated transcript’ *Financial Times*, 16 July 2015.

## THE FUTURE OF THE EUROPEAN UNION

Wilkinson argues that supporters of the European Union have been too quick to spring to its defence, in part because the alternatives seem too grim to countenance. The most prominent anti-EU movements are rife with repellent attitudes – cronyism, corruption and a high tolerance for racism, homophobia and conservative cultural sympathies that threaten to dismantle hard-won advances in LGBT and women’s rights. But it is possible to be both deeply critical of the European Union and its ‘soft authoritarianism’, whilst rejecting the vision offered by most Eurosceptic movements. Too many have been so determined to be on the side of the angels that they have blinded themselves to the true nature of the European Union – not what it has become, but what it has always been. Yet Wilkinson leaves the biggest question of all unanswered: where do we go from here? For a book that boldly interrogates so many foundational assumptions about the EU, the failure to outline an alternative vision is a striking omission. Is a different European Union possible? It seems implicit, if not clearly stated, that the European Union is irredeemable in its project to advance the project of economic liberalism, which necessarily involves the suppression of democratic forces.<sup>32</sup> Wilkinson is careful not to advocate for whole-scale departure from the European Union, pointing out that such a move would not necessarily result in greater democratic control over the economy – it may, in fact, just swap one set of elites for another. Perhaps Wilkinson – not unreasonably – is wary of being dismissed outright as a Brexiteer. But to move beyond criticising the status quo in order to meaningfully debate the future, it is necessary to stake out a position: to nail one’s colours to the mast. A stronger critique would have outlined a clear vision for an alternative Eurosceptic movement. If Wilkinson’s true sympathies lie with dismantling the Union, why not say so? And what does Europe without the European Union look like? While many may sympathise with Wilkinson’s core critique of the European Union, they will conclude that, particularly in an era of global catastrophes (Covid-19, the climate crisis) some form of intergovernmentalism – however imperfect – is better than none at all. Without setting out a compelling alternative, Wilkinson will fail to persuade most of his audience that, on balance, the world is better off without the EU. With no roadmap to the future, fear of the unknown is a paralysing force.

<sup>32</sup>This is the conclusion reached by Nanapoulos and Vergis; see E. Nanapoulos and F. Vergis, ‘The Inherently Undemocratic EU Democracy: Moving Beyond the “Democratic Deficit” Debate’, in *The Crisis Behind the Eurocrisis: The Eurocrisis as a Multidimensional Systemic Crisis of the EU* (Cambridge University Press 2019).

## COVID-19 AND THE EU'S VOLTE-FACE

Perhaps another missed opportunity in *Authoritarian Liberalism* is Wilkinson's failure to fully analyse Europe's response to the Covid-19 crisis, which should assuage any lingering doubts about austerity as a choice.<sup>33</sup> Why did the EU opt for fiscal stimulus instead of fiscal consolidation during the Covid-19 pandemic, despite insisting that there was no alternative to austerity during the Euro Crisis? Initially, when it seemed as though Italy was the only European country to be impacted by Covid-19, the new president of the European Central Bank, Christine Lagarde, remarked that the bank was 'not here to close spreads'.<sup>34</sup> The initial resistance of Sweden, Denmark, Austria and the Netherlands – the so-called 'Frugal Four' – to providing unfettered assistance to countries hardest hit by the Covid-19 pandemic threatened to further undermine social solidarity within the Union. It strengthened the claims of Eurosceptic parties who argued that, thanks to its deep-set economic ideology, the EU does not show financial solidarity with its weakest members. Yet pragmatism eventually triumphed, when it quickly became apparent that the other member states were equally vulnerable to the effects of Covid-19. In March 2020, European Union fiscal lending rules were suspended entirely by the European Council, who invoked the general escape clause in the Stability and Growth Pact, noting that 'flexibility' was needed through 'discretionary stimulus' to cope with the economic fallout from the pandemic. State aid rules and limits on budgetary deficits were also suspended. It is difficult not to suspect that it was driven by political pragmatism, rather than any major break with the EU's underlying ideology. It is perhaps the same reason the EU chose to overlook violations of the Stability and Growth Pact committed by France and Germany in the early 2000s. Imposing austerity on countries such as Greece, Ireland, Spain, Portugal and Italy was feasible in the way that European-wide austerity during a pandemic was not. Either way, it was the first indication that the EU has silently moved away from its TINA ('there is no alternative') attitude.

Michael A. Wilkinson has produced one of the most thought-provoking books ever written on the European Union by making a compelling case that the organisation is fundamentally driven by its commitment to, and protection of, economic liberalism. It is a book written with a clear sense of urgency, demonstrated by the fact that it would have benefited from greater editorial attention to detail in parts – a fact which does not detract from its superb substantive merits. He is at the forefront of the burgeoning movement of scholars who are turning the lens on

<sup>33</sup>Wilkinson has, however, addressed this elsewhere: see H. Lokdam and M.A. Wilkinson, 'The European Economic Constitution in Crisis' *LSE Legal Studies Working Papers*, 03/2021.

<sup>34</sup>In other words, indicating that the European Central Bank would not reduce the cost of borrowing for pandemic-stricken Italy.

the European Union as the creator of its own malaise. He calls our attention to the obvious, the irrefutable: what has been there all along but we have not seen, or have refused to see. *Authoritarian Liberalism* will provoke serious reflection on why so many have continued to pin their hopes on an institution which has shown so much continued disregard for the ideals of democracy and material egalitarianism.

