

# The ambiguity of resistance: Opposition to neoliberalism in Europe

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Abstract

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*While there are emergent signs of anti-neoliberal resistance to EU policies and practices, this resistance remains ambiguous and fractured, often unable or unwilling to confront neoliberal European governance at the level of Europe itself. This is partly due to the very substantive barriers to counter-hegemonic projects that the EU has put in place; but it also reflects a failure on the part of much of the resistance to adequately identify, and engage with, all of the terrain on which the battle against neoliberalism must be fought.*

Introduction

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In a recent special issue of *Capital & Class*, Strange and Worth (2007: 2–3) noted that, ‘A key question for research and more direct organisational interventions concerns the extent to which ... Europe can (or cannot) be a progressive space for labour and wider oppositional social forces, and what might constitute appropriate strategies for a left engagement (or disengagement) with “Europe”’. This article takes up that challenge, focusing on existing opposition to the European Union (EU) and asking the question: does this constitute opposition to the neoliberal character of the EU? And if the answer to that question is ‘yes’ (which, in part, it is), does this opposition constitute an adequate or appropriate strategy for advancing a left agenda? The first part of the article outlines the neoliberal nature of the current form of European integration, while emphasising that this is only one form amongst many that integration could have taken. Opposition is then analysed, with specific reference to the French and Dutch

rejections of the proposed EU constitution. The possibilities for, and constraints to, the emergence of an anti-neoliberal European project are finally assessed.

The article is largely empirical rather than theoretical in focus, and it is also explicitly normative: the focus throughout is on how neoliberalism at European level might best be resisted. The central argument is that while there are emergent signs of anti-neoliberal resistance, the resistance remains ambiguous and fractured and often unable or unwilling to confront neoliberal European governance at the level of Europe itself. This is partly due to the very substantive barriers to counter-hegemonic projects that the EU has put in place; but it also reflects a failure on the part of much of the resistance to adequately identify and engage with all of the terrain on which the battle against neoliberalism must be fought.

### The EU as a neoliberal governance project

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The EU has helped institutionalise what Stephen Gill (2001) has dubbed 'disciplinary neoliberalism'. Neoliberal policies are locked, politically and often legally, into the structure of the EU under the terms of what is sometimes referred to as 'new constitutionalism' (Gill, 2001). Examples of such policies are as follows:

- An active EU policy of encouraging competition acts against the exclusive state provision of certain goods and services, and limits state aid that would distort the 'level playing field' of competition (Storey, 2006b: 22–3).
- In certain sectors, such as those of telecommunications and high-speed trains and in the services sector as a whole, the EU has actively and directly promoted processes of liberalisation, especially through the issuing of legal directives to national authorities (Dobbin, 2001; Hay, 2007; Thatcher, 2004: 36–42).
- Monetary policy is administered by an 'independent' (from electoral pressure) European Central Bank with an anti-inflationary mandate, but with little or no concern for issues of growth and employment (Stiglitz, 2003). This deflationary bias retards European economic growth and depresses employment (Bibow, 2004).
- Fiscal monitoring by the EU Commission through the Stability and Growth Pact (SGP) seeks to limit (to 3 per cent of GDP) states' capacities to run fiscal deficits, even when these might appear justified by the need to lift an economy out of recession (Irvin, 2004).

- The negotiation of international agreements by EU authorities, such as through the WTO, binds European countries into the global liberalisation of trade in goods and services. The EU also seeks to bind other countries into such liberalisation, for example through the negotiation of Economic Partnership Agreements (EPAs) with poor countries (Storey, 2006a).

Those who see *alternatives* to neoliberalism within the European project point to the ongoing popularity of terms such as ‘social cohesion’ and ‘social inclusion’ within EU discourse. A claimed commitment to social cohesion (see Atkinson, 2002) may be read into the fact that each member state is expected to prepare a national action plan every two years on progress in combating poverty and social exclusion. The Commission is charged with monitoring and preparing progress scorecards for each country on the basis of indicators such as poverty, inequality and unemployment (see Atkinson et al., 2004). But there is no element of compulsion here: the Commission can ‘name and shame’, but it cannot impose fines or take member states to court for failure to prepare or fulfil a plan. Unlike competition policy, limits on state aid and the Stability and Growth Pact, social cohesion policy is not legally and institutionally embedded into the structure of the European project (see also Gray, 2004). Instead, with the partial exceptions of gender equality and health and safety at work, ‘in virtually all other areas of social policy ... the Union has had to remain content with “soft” versions of coordination and relatively little impact on the ground’ (Tsoukalis, 2003: 118). This is hardly surprising, since ‘any serious pressure to defend and extend “social Europe” contradicts a dominant [neoliberal] logic of actually existing European integration’ (Hyman, 2004: 8).

Bonefeld (2002: 127) accurately describes ‘an institutionally “embedded” and legally regulated economic liberalism’ at EU level. As stated by Wahl (2004: 38), ‘the EU is today the conduit through which the neoliberal social and economic model is being institutionalised in Europe’. There are, of course, other such conduits. Indeed, some commentators might argue that increasing globalisation – in the sense of increased exposure to the forces of global economic competition – would, in any event, prompt a convergence of policy outcomes in EU countries regardless of the policies adopted by the EU. This argument is, however, rejected by Hay (2004), who finds that globalisation is not forcing convergence on neoliberal policies on the part of European governments. Rather, the convergence that is occurring is a result of ‘the interaction between, on the one hand, deepening European

economic integration and, on the other, the institutional architecture of EMU (in particular, the deflationary bias enshrined in both the Maastricht convergence criteria and the Stability and Growth Pact)' (Hay, 2004: 1). The centrality of EU policy choices is discussed further below.

Of course, the EU may sometimes be used as a convenient fig-leaf for governments wishing to implement neoliberal policies but preferring to be seen as only doing so in response to 'external' (in this case EU) pressure (Hay & Smith, 2005: 147; Thatcher, 2004; Tsoukalis, 2003: 121). National governments and other international actors also play their parts, and significant national differences persist in certain policy areas (McNamara, 2003; Rosamond, 2004). But the EU is nevertheless one channel through which neoliberalism is promoted, and a significant one in many respects.

Part of its significance lies simply in its scale. The transfer of power from national to regional level in, for example, the case of monetary union, ensures that no individual member state can respond to popular pressure by making 'concessions' in the area of monetary policy (and the SGP helps, in part, to ensure that the same is true for fiscal policy). Most starkly, the euro ensures that devaluation is off most national agendas. The significance of the transition from the national to the regional (Gough, 2004) is explained by Bonefeld (2002: 132-3) thus: 'The importance of EMU ... is that national states, on their own initiative, will no longer be able to accommodate class conflict through credit expansion or currency devaluation. EMU, then, inscribes the neo-liberal policy of market freedom ... through the creation of supranational institutional devices that check expansionary responses to labour conflict'.

In other words, the structure of European regionalism ensures, in theory, that no one state can go 'soft' and make concessions to its own working class (though debates on the SGP rules show that this is not entirely the way things work out in practice). Instead, adjustment costs must be borne through adjustments in wages and in the 'social wage' of the welfare state (Ahearne & Lane, 2006). McGiffen (2001: 91) quotes an approving neoliberal economist: 'Either the euro subverts the welfare state, or Europe's welfare state will subvert the euro ... smart money should bet on the euro'.

At the same time, this does not mean that regional governance in Europe has to be neoliberal in character. The present transfer of power from national to regional level has facilitated the imposition of a neoliberal model, but it could equally have facilitated alternative sets of policies and practices. Indeed, the scale of the European project could itself have been used as a bulwark to protect Europe's

existing social entitlements: 'any greater costs of the European welfare state can be offset by depreciation of the euro *vis-à-vis* other currencies such as the dollar' (Atkinson, 2002: 636). Why, then, did European regionalism take its present, neoliberal form?

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### The evolution of European regionalism

Van Appeldoorn (2001) identifies three different visions of European regionalism: neoliberalism; neo-mercantilism; and social democracy (see also Cafruny & Ryner, 2003). The neo-mercantilist vision, it is argued, underpinned the initial drive towards the creation of the European single market and economic and monetary union (EMU). For neo-mercantilists, a European competitiveness gap *vis-à-vis* the rest of the world was attributed to fragmented markets, a related inability to fully exploit economies of scale in production, and insufficient investment in research and technology.

For them,

A strong European home market was expected to serve as both a stepping-stone to conquer the world market as well as a protective shield against outside competition. The neo-mercantilist project thus constituted a defensive regionalisation strategy oriented towards the creation of a strong regional economy, not only through the completion of the Internal Market, but also through an industrial policy aimed at the promotion of 'European champions', if necessary protected by European tariff walls. (van Appeldoorn, 2001: 75)

Under the protective banner of the neo-mercantilist framework, social democrats envisaged 'a united Europe [as offering] an opportunity to protect the "European model of society", and its traditions of the mixed economy and high levels of social protection, against the potentially destructive forces of globalisation and neo-liberalism' (van Appeldoorn, 2001: 76; see also Holmes & Lightfoot, 2007: 141). Thus, a confluence of interests between neo-mercantilists and social democrats underpinned the construction of what seemed to many to be a genuinely alternative model of regionalism. Famously, Margaret Thatcher warned of 'socialism by the back Delors' (in Hattersley, 2005).

But the vision was not realised: 'as the internal barriers came down, no external barriers were erected and the Internal Market provided as much opportunity for US and Japanese as for European

firms' (van Apeldoorn, 2001: 79). Scharpf (2002) refers to 'Social Europe' as 'the road not taken'. The idea of developing and supporting 'European champions' was largely abandoned. Tariff barriers and interventionist industrial policies were eroded rather than deployed.

Lobbying from corporate groups played a vital role in this outcome, especially that of the influential European Roundtable of Industrialists (ERT), which, from the 1980s onwards, decisively shifted towards and lobbied for a neoliberal version of the single market (Kol & Winters, 2003: 345). Van Apeldoorn attributes this shift and subsequent lobbying pressure to the fact that the interests of the leading European companies came to lie, for the most part, in the extension of open markets globally, and many of these companies had or were developing interests (investments, strategic alliances, and others) in the USA and elsewhere as well as in Europe. Globalised or globalising companies such as Shell, Unilever, ICI, BP, La Roche, BT and Bayer joined or rejoined the ERT from 1988 onwards, whilst longer-standing members saw their interests go more global than merely regional (van Apeldoorn, 2001: 80). The EU became a vehicle for *promoting*, rather than *retarding*, US–European economic integration (Cafruny & Ryner, 2007: 149).

Much of European capital, in other words, became increasingly globalised and relatively disinterested in ideas such as 'European champions' (Gill, 2001: 49). Ryner (2007: 12) specifically argues that European capital structurally subordinated itself to the increasingly finance-dominated capital of the USA, moving away from 'Rhineland capitalist' accumulation strategies and towards Anglo-American neoliberalism. This did not mean that sections of European capital would not continue to welcome and pursue state support wherever possible, as the example of European agribusinesses defending the Common Agricultural Policy demonstrates (Beunderman, 2005). But most European capital came to perceive its interests as lying, broadly speaking, in the embrace of neoliberal globalisation. And European regional governance, with some exceptions and hesitations, followed the lead of capital (Holman, 2001: 171; van der Pijl, 2001).

Thus we ended up with the present version of 'disciplinary regionalism' at EU level. But what this history demonstrates is that corporate influence was brought to bear and political decisions were made: *agency* mattered. Structure, especially the changing nature of European corporate interests under globalisation (itself moulded by policy choices at the global level), played a part; but there was nothing inevitable about the outcome. The corollary is that the

present model is not set in stone either (though there are significant constraints on the capacity to effect democratic change, as later sections will demonstrate). The actions of agents at all levels make a difference, or can make a difference — a point recently emphasised by Strange (2006), and discussed further in the next section.

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Taking opposition seriously

Gerald Strange (2006) claims that much ‘new constitutionalist’ (and other) writing about the EU pays too little attention to questions of agency and opposition, instead seeing the present neoliberal governance model as largely ‘set in stone’. By way of contrast, he views European integration as ‘a contested political economy rather than a linear neo-liberal one’ (Strange, 2006: 201; see also Worth, 2007). He adopts a structuration perspective that emphasises the role played by state and non-state agents *within* (but not wholly bound by) certain structures, and rejects any determinist idea that political neoliberalism was somehow *inevitable* at European level. As noted in the earlier discussion of Hay (2004), specific policy actions crucially determine outcomes, and as argued by Atkinson (2002, see above also), currency union could be compatible with an expansionary monetary and fiscal policy and the maintenance or extension of a European ‘social model’. Strange concludes his argument as follows:

the constraints on the implementation of a progressive European model have essentially been created by neo-liberal ideological and political intersubjectivities rather than immutable economic structures. Such intersubjectivities, including the form and content of EU constitutionalism, are contestable. As such, the barriers to the social democratic model are themselves essentially political rather than economic, even though economic structures, notably those associated with globalization, do constrain the forms taken by progressive governance, pointing in particular to the increased efficacy of regionalism. (Strange, 2006: 228)

In other words, the scale of the EU makes it potentially better able than any individual national state to defend social democracy under globalisation. That the EU has not developed ‘a governance regime capable of institutionally embedding a progressive regime such as Delors-style Euro-Keynesianism’ is a failure of progressive politics (Strange, 2006: 229).

Part of the significance of Strange's argument is that it is being made at a time at which there is emerging evidence of reaction against the EU's neoliberal project. This was, arguably, evident in the mass mobilisation against the so-called 'Bolkestein directive' to fully liberalise the EU's internal market in services (Henning, 2005), and was also seen by some observers to have played a large role in the defeat of the EU Constitution in 2005's referenda in France and the Netherlands. But did those 'No' votes really represent a left-wing rejection of neoliberalism? And even if they did, did they open up the prospect of shifting the European project in a less neoliberal direction?

These are crucial questions for the future of Europe — a future that is not set in neoliberal stone. Taking on board Strange's (2006: 201) injunction to take 'oppositional agency seriously', the next section explores the motives and results of the Dutch and French votes on the EU constitution. If the history of the EU to date has been, à la Strange, one of a failure of progressive politics, does the present conjuncture constitute a new dawn (or a false dawn) for progressive politics?

### Opposing the EU constitution: Did voters reject neoliberalism?

What was neoliberal about the constitution?

The central argument of most left-wing opponents of the constitution was that it further enshrined neoliberal policies into the legal structure of the EU (Ryner, 2007: 8).<sup>1</sup> In particular, part III of the constitution stated that 'free and undistorted competition' was to be the primary method of resource allocation, and that this principle applied to public services also. Article III-156 prohibited restrictions on 'the movement of capital and on payments between member states and between member states and third countries'. The existing roles of the European Central Bank and the SGP were also to become fixed parts of the EU's legal character. Had the constitution been ratified, these policies could not have been altered save by constitutional amendment — requiring the unanimous agreement of the twenty-five member states. Thus, alternatives to neoliberalism were, in effect, to be legally prohibited.

While many nominally left-wing leaders supported the constitution, they 'could only gesture towards the generalities of Parts I and II — liberty, democracy, rule of law, tolerance, justice, solidarity — while the right-wing Yes was pointing to the concrete, legally binding elements of Part III: the privatization of services,

the prohibition of state aid and budget deficits, freedom of capital movements, and so forth' (Cassen, 2005: 31).

### The Dutch vote

On 1 June 2005, Dutch voters rejected the constitution by a margin of 62 to 38 per cent on a turnout of 63 per cent. Voting patterns in the Netherlands were strongly correlated with levels of education and income (Bos, 2005; Harmsen, 2005), with 51 per cent of those in the highest-income group voting 'No' compared to 68 per cent of those in the lowest-income category (Harmsen, 2005: 9). The country's poorest municipality — Reinderland — saw a 'No' vote of 84.6 per cent, surpassed only by one other municipality — the staunchly Protestant fishing village of Urk — with a 'No' vote of 91.6 per cent (Bos, 2005). Only some of the very wealthiest municipalities recorded majority 'Yes' votes. The same was true of the cities: poorer neighbourhoods consistently registered proportionately larger 'No' votes.

Analysis of the votes on a party basis broadly endorses this trend, but also introduces some complicating factors (Bos, 2005). While 80 per cent of Christian Democrat voters endorsed the constitution, almost 40 per cent of members of the economically right-wing (though socially liberal) VVD party voted *against*, despite their party's official position of support. While 55 per cent of Labour supporters opposed the constitution, a similarly small majority — 52 per cent — of Green Left party supporters voted 'Yes'. Even in the case of the extremely EU-supportive liberal D66 party, 45 per cent of supporters recorded 'No' votes. These figures would suggest that opposition to the constitution in the Netherlands spanned the political spectrum — to a certain extent, at least.

And indeed, while the vast majority of major parties as well as civil society leaders and media supported the constitution, opposition took diverse forms — what Harmsen (2005: 5) terms a 'patchwork of protest', consisting of a 'populist right', a 'populist left' and traditional Protestant parties. On the populist right, a dissident liberal figure, Geert Wilders, based his campaign on opposition to Turkish EU membership. The Protestant parties bemoaned the Constitution's absence of reference to Europe's Judaeo-Christian heritage and also opposed perceived losses of Dutch autonomy and independence. The Socialist Party argued that the Constitution would transform the Netherlands into a mere province of a European superstate. And an alliance of left-wing activists — Comité Grondwet Nee (Constitution No Committee) — highlighted issues of democracy, militarisation and neoliberalism.

How, then, to interpret the vote? Which of these disparate 'No' campaigns proved victorious? Bos (2005) argues that, 'In general the outcome can be interpreted as an unambiguous rejection of the neoliberal project, and that the Left in particular has made its mark with the campaign'. A much more sceptical perspective is offered by van der Pijl (2006: 31): 'In the Netherlands there was a substantial role in the "No" for populist anti-immigrant sentiment, and the issue of Turkish EU membership was a major concern. There is also general dissatisfaction with EU expansion into Eastern Europe, and unease about the expected influx of migrant workers accepting substandard wages and working conditions'.

In fact, van der Pijl may be overstating his cautionary arguments. A Eurobarometer survey suggests that only 6 per cent of Dutch voters cited enlargement as their reason for a 'No' vote, with a mere 3 per cent basing their 'No' vote on prospective Turkish accession (Mahony, 2005). The single largest reason for a 'No' vote was, rather, lack of information (32 per cent), with loss of national sovereignty (19 per cent) and general opposition to the government (14 per cent) the next most frequently cited reasons (Mahony, 2005; Taggart, 2006: 19). Other survey results suggest that factors such as a perceived loss of Dutch control or influence regarding its own affairs heavily influenced 'No' voters (Harmsen, 2005: 10; see also Aarts & van der Kolk, 2006).

Van Bommel (2005), a Socialist Party MP, claims the result as a triumph for the left, citing poll research carried out the day after the vote: 'the main reasons for a "no" vote were that the Dutch contribution to the EU is too high, that the Dutch parliament would lose influence on national policy-making, and that the Netherlands would lose influence in Europe. These are not xenophobic concerns'.

They may not be xenophobic concerns but, as with the results of the Eurobarometer survey discussed above, there is nothing intrinsically left-wing about them either. Milner (2006: 258) may be closer to the mark when he argues that, 'For most Dutch voters, the referendum was an opportunity ... to send a message to Brussels to pay more attention to Dutch concerns'. Left-wing concerns were more unambiguously to the fore in the earlier French referendum result.

### The French vote

On 29 May 2005, French voters rejected the constitution by a margin of 55 to 45 per cent on a turn-out of 70.5 per cent. The running on the French vote was very much made by forces of the left. Almost 1,000 'unity committees' were set up across the country,

basing themselves on a left-wing critique of the constitution and engaging in extensive education and campaigning work. Public-sector unions, the CGT and SUD union federations, the ‘anti-globalisation’ movement ATTAC, the Communist Party and the left-wing LCR were also prominent campaigners for a ‘No from the Left’ (Young, 2005). Rank-and-file members of the Socialist and Green parties were also active on the ‘No’ side. Despite official Socialist Party support for the constitution, 59 per cent of its supporters voted ‘No’, and 64 per cent of Green supporters likewise opposed the party’s official line (Young, 2005).

Leading ‘No’ campaigner Susan George noted that ‘It was, of course, a class vote’, with the only socioeconomic group registering a majority ‘Yes’ vote being that of company managers and directors (George, 2005: 49). This was true: 79 per cent of blue-collar and 67 per cent of white-collar workers voted ‘No’, and there was ‘a clear division between a highly-educated, affluent and secure section of the population and those on low incomes and in more insecure employment or the unemployed’ (Marthaler, 2005: 234).

Eurobarometer poll findings (see Mahony, 2005) indicate that, as in the Netherlands, the reasons for the French ‘No’ vote had little to do with EU enlargement (only 3 per cent voted ‘No’ because of opposition to this) or fears of Turkish accession (cited by only 6 per cent). Thus, the much cited ‘Polish plumber’ effect — fears of cheaper central and eastern European workers taking French jobs and eroding French wages — may have been less significant than some commentators believed (van der Pijl, 2006: 31).<sup>2</sup> Instead, 31 per cent voted ‘No’ because of anticipated negative effects on employment (though this was not specifically related to enlargement and immigration), with a further 26 per cent of ‘No’ voters citing a generally bad economic situation as their reason for voting as they did (Mahony, 2005; Taggart, 2006: 16). Nineteen per cent of ‘No’ voters explicitly identified the constitution as ‘too (economically) liberal’, while 16 per cent cited ‘not enough social Europe’ as their main reason for rejection (Taggart, 2006: 16). Sixty-two per cent of *all* voters (not just those in the ‘No’ camp) believed that rejection of the constitution would result in its being renegotiated to become a more social and less neoliberal document (Mahony, 2005).

Thus there is some evidence that the French vote was a largely left-wing vote — certainly to a greater extent than was the case for the Netherlands. The French vote was a ‘pro-Europe “Non”’ (Milner, 2006: 257) — an expression of a desire for a more social and less neoliberal model of European integration (see also Brouard & Tiberj, 2006). As Marthaler puts it, ‘The referendum acted as a catalyst for a debate on the impact of Europe on France and on the

kind of Europe France wanted' (2005: 233). And this, in part, reflected a significant change in left–right attitudes: compared to the 1992 Maastricht Treaty referendum, Socialist Party supporters overwhelmingly switched from 'Yes' to 'No', while a large number of right-wing voters switched in the opposite direction (Hainsworth, 2006: 106). Ivaldi (2006: 63–4) argues that left-wing voters had made an implicit contract with their leaders in 1992, according to which they would support further EU integration in return for gains on economic growth and social welfare. Seeing the contract broken, they thus tended to vote 'No' in 2005.

#### Who gains from the 'No' votes?

The extent to which the 'No' votes in the Netherlands and France can be interpreted as left-wing is, as we have seen, debatable, though left-wing sentiment certainly played a role — more so in France than in the Netherlands. Assuming for the moment that some left-wing project did lie at the heart of the many of the 'No' votes (and this does seem a fair assumption for France at least), will these votes advance the left-wing projects to which the voters (even if only partially) subscribe? Jeanneney (2005) claims that left-wing voters in France subscribed, albeit in good faith, to an 'absurdity: that one could very quickly, after rejecting the constitution, bring forth a "more social" Europe. (On the contrary, the advocates of the "market only" were licking their chops in advance)'. Jeanneney's argument is undermined by the fact that French and European business leaders and employers' bodies (presumably amongst the advocates of a more market-orientated approach) bemoaned the French vote as a blow to attempts to make the European economy more competitive (*Irish Times*, 31 May 2005).

Nonetheless, the idea that a vote based, to whatever extent, on left-wing grounds could be used to advance a right-wing agenda is not wholly fanciful. Certainly, the reaction to the votes on the parts of Tony Blair and other supporters of a more (not less) neoliberal agenda was to argue for a speeding up of deregulation and the dismantling of yet more social rights and protections (Steele, 2005). Recognising this opportunistic reaction, the general secretary of the European Trade Union Confederation (ETUC) lamented the results of the referenda: 'The referendum outcomes, leaving the EU in a state of limbo, were misguidedly acclaimed by some as a victory for the left. Yet many sections of the British business community and media seized on the no votes to push forward their so-called "reform" agenda of deregulation, enfeebled worker protection and an EU reduced to the status of a free-trade zone' (Monks, 2005).

As will be discussed later, the failure of the ETUC and others to advance a serious left-wing agenda is part of the reason why the field has often been left open to such opportunistic right-wing stratagems. But a substantive point concerns whether the forces of the left did enough to emphasise *their* interpretation of the votes and advance their agendas accordingly. The fear that they have not done so prompted the following cautionary comment from Blackburn (2005: 87):

The emphatic French and Dutch rejection of the proposed Constitution for the European Union creates an unstable situation in which, unless the European Left begins to define an alternative and rally support behind it, the neoliberal project will actually profit from votes that were, more than anything else, an expression of popular anger at the failure of the existing Euro-regime and its project of 'reform'.

Inherent to this fear is the idea that 'No' voters are seeking to protest against *European* threats to *national* rights and protections. But this is an essentially defensive strategy that does not necessarily seek to undermine and transform the (Europe-wide) source of these threats. To do so would require an engagement with Europe-wide politics that is difficult for and even unwelcome to many opponents of the neoliberal project. This is so because 'significant segments of the European left ... have always been afraid that a more federal Europe meant an undermining of the social achievements in their own country' (Wallerstein, 2005). This is illustrated in the case of Sweden: 'The strongest support for the EU in Sweden is to be found among the non-Socialist parties, whereas opposition to the EU is linked mainly to left-wing views and environmental concerns ... Interview surveys of the general public also demonstrate a significant correlation between left-right attitudes and views taken of the EU' (Petersson, 2004: 21).

Opposition to *existing* EU policies and structures, of course, makes perfect sense from a left-wing perspective,<sup>3</sup> but insofar as the opposition remains defensive, it offers little hope for the transformation of those policies and structures. Instead, attempts are largely made to *isolate* Swedish (and other countries') social gains from the European project, for example to 'protect the Nordic model' from the depredations of the EU (Carlén, 2005). Proposals for the UK to withdraw from or at least limit cooperation with the EU (Baimbridge et al., 2007) reflect a similar logic, namely that national-level gains can best be defended or extended through a greater degree of isolation from the neoliberal character of the EU.

This is an understandable position, but its most critical drawback is that it leaves the overarching EU framework in place, and regional governance would therefore remain predominantly neoliberal.

To be sure, many activists and commentators sympathetic to the (partially) left-wing rejection of the constitution have put forward proposals for a different structure of regional governance in Europe. Mitzman (2005), for example, outlines suggestions for greater 'sustainability and social regulation', and calls for a 'popular front for a social and ecological Europe'. Mitzman partially draws his argument from the 2004 'For a Different Europe' manifesto endorsed by many intellectuals and activists, which placed particular emphasis on the potential for an empowered European Parliament to push through the required changes. European Economists for an Alternative Economic Policy in Europe (2005) — the EuroMemorandum Group — outlined suggestions for change in the wake of the French and Dutch votes, including massive increases in public investment and employment, an increased EU budget, and a relaxation of EU monetary policy. Blackburn (2005) calls for a new, redistributive EU, including an EU-wide share levy to fund EU-wide social spending. A number of neo-Keynesian commentators are also calling for a move away from the rigid neoliberal orthodoxy that has characterised EU governance to date. Economist John Grieve Smith makes the case for a revived Keynesianism at EU level: 'The basic cause of the persistently high level of unemployment is the continued low level of demand, and the answer must be to stimulate demand by the use of monetary or fiscal policy' (Grieve Smith, 2005). Another economist attributed the riots in France in late 2005 to unemployment, which in turn he attributed to the ECB's 'institutional reluctance to contemplate reducing unemployment by stimulating demand in the European economy' (Murphy, 2005).

These proposals (and there are many others like them) beg several questions concerning political strategy. For example, how many Dutch or French 'No' voters, including those of the left, would endorse a massively increased EU budget or a scheme of EU-wide taxation? How many such voters would be happy to see the European Parliament assume greater powers, especially if that were to be at the expense of national powers? The suspicion must be that much opposition wishes to retreat from the damaging effects of the EU, rather than to engage with and change the EU itself, or even to help construct alternative Europe-wide governance modalities that would not be neoliberal in character. As Wallerstein points out (see above), how sustainable this essentially reactive strategy can be remains a moot point, especially since the

forces committed to neoliberalism remain determinedly intent on pushing through neoliberal policies at the EU level.

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The balance of forces

The EU as a social-disciplinary force can no longer draw on the ideological capital of the Delorsean era, long since squandered in marketization, restructuring and wars. (Watkins, 2005: 21)

Watkins here emphasises the fading legitimacy of the European project in the eyes of many of its citizens. Cafruny and Ryner (2007: 142) describe ‘a crisis of representation resulting from a politics of welfare state retrenchment’; and European capital remains ‘interiorised’ with US capital ‘but also increasingly alienated from European social formations’ (Ryner, 2007: 18). Bohle (2006: 79) likewise argues that ‘The EMU project has already reduced the consensual nature of neoliberal hegemony. It has triggered social protest and relies more on discipline than did earlier integration projects. Eastern enlargement opens a new line of conflict in Europe’, increasing dissatisfaction with the EU itself but also pitting western and eastern European workers against each other. This last point highlights a very significant problem: that while dissatisfaction with the European project is undoubtedly increasing, the opposition to it remains divided, and there is no good reason to believe that the project is about to be halted or reversed.

On the contrary, the Commission’s president has stated that Brussels will continue to ‘support and encourage’ labour market reforms of the sort rejected in France in 2006 (Mahony, 2006a), and to abandon proposed new regulations in areas such as worker protection, food labelling, and road safety (Ruuda, 2005). The internal market Commissioner has suggested that Scandinavian-style collective wage agreements might be in breach of laws on the free movement of labour (Küchler, 2005). The ‘compromise’ services market directive (‘Bolkestein II’, see above), despite modifications, extends competition into public services — such as the health sector — previously excluded from such pressures (Kubosova, 2005b; see also Hay, 2007, pp. 36–42). The Commission is also actively and aggressively promoting a neoliberal agenda in its trade negotiations with poorer countries (Storey, 2006a). There is little prospect of the neoliberal assault being discontinued at Commission level.<sup>4</sup> And the European Central Bank — ‘the high priests of monetary orthodoxy’ (King, 2006) — likewise remains doggedly committed to a policy of

high interest rates and low inflation, regardless of the consequences for growth and employment.

The depth of the commitment to neoliberalism is evident in the new 'reform treaty' (RT) that is to take the place of the defeated constitution (see Khalfa, 2007). Much discussion has focused on the claimed achievement of French president Sarkozy in having 'free and undistorted competition' removed as a goal of the EU. This is clearly intended as a sop to the left opposition in France, and perhaps it does have some symbolic importance. But Protocol 6 of the RT includes a commitment to 'ensuring that competition is not distorted' — and protocols to treaties are legally binding. Public services likewise remain subject to competition and liberalisation. Protocol 9 appears to offer some protection for 'services of general interest', or 'non-economic services', but the definition of non-economic will likely be narrow and the Commission, as Khalfa (2007) points out, will be the judge of what might constitute an exemption to the general principle of opening public services up to competition: it is unlikely to err on the side of protection. 'Free and undistorted competition' is no longer an objective of the EU as such (though it remains a core commitment in practice), but price stability is now elevated to such an objective. The existing roles of the European Central Bank and the SGP remain otherwise enshrined in the RT. Meanwhile, it also remains the case in the RT that any limitation on the free movement of capital between member states, or between member states and third countries, can only be undertaken by a (highly improbable) unanimous decision of the member states. (At a time of growing turmoil on global financial markets, the wisdom of moving *against* regulation of such markets seems particularly questionable.) A new article states that the objective of EU trade policy is to 'encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade', while another commits the EU to 'contribute to ... the progressive abolition of restrictions on international trade and on foreign direct investment, and the lowering of customs and other barriers'. As Khalfa (2007) notes, the references to investment and 'other' barriers are additions to the text of the constitution, thus extending the commitment to a neoliberal agenda within the RT.

Nor has the balance of corporate forces shifted away from neoliberalism. As discussed earlier, the fact that European capital increasingly became global in its interests played a large part in ensuring that EMU did not end up a more protectionist, 'neo-mercantilist' project. Those trends continue: between 1987 and 2000, the sales outside Europe of the leading nineteen European

companies increased from 34 per cent of turnover to 46.2 per cent, while sales *outside* their home countries but *within* the EU hardly increased at all (van der Pijl, 2006: 34). This *global*, rather than particularly *European* business outlook, is also evident in ‘the increasingly dense set of EU–US corporate links’ (Hocking & McGuire, 2002: 467). Thus corporate power and corporate lobbying will continue to prioritise the opening-up of markets and oppose any attempt to inhibit Europe’s participation in global economic liberalisation. This is likely to remain the case even if there is a partial breakdown in the global liberalisation model and, conceivably, a somewhat greater emphasis on competition rather than cooperation between regions (including the USA and Europe) of the global economy (Wade, 2007).

The neoliberal agenda will therefore continue to be aggressively pursued by European institutions. In all probability, it will also continue to suffer national-level reverses, such as those (partly) represented by the Dutch and French referenda. It will also meet periodic resistance even from national governments anxious, for example, to retain some remaining ‘national companies’ in the energy and other sectors under national ownership (Mahony, 2006b; Kirk, 2006). But such reverses do not look likely to alter the basic thrust of the project. Are there, then, European-level forces with a prospect of forcing any significant movement to the left?

The trade unions have a decidedly mixed record of engaging with EU-level politics (Bieler, 2005, 2006, 2007: 116–18; see also Taylor & Mathers, 2004). And what engagement there has been has tended towards the containment of the unions within corporatist structures rather than seriously challenging neoliberal policies (Hyman, 2004). The Maastricht Treaty established frameworks for the ‘social partners’, including the unions, to be consulted on relevant issues — a process that generated subsequent agreements on parental leave and part-time employment (Taylor & Mathers, 2002: 48). A Works Council Directive facilitated a degree of employee consultation in some companies, though with minimal results (Taylor & Mathers, 2002: 49–50). In return for these meagre gains, ‘The ETUC [European Trade Union Confederation] has increasingly moved towards an accommodation with neo-liberalism and through its support and involvement in “social partnership” has promoted monetary stability, market flexibility and employability at both European and enterprise level’ (Taylor & Mathers, 2002: 49).

The same is largely true of the traditional left political parties (Esman, 2003). The claimed social-democratic gains of integration largely consist of promises and vague commitments, not substantive achievements. The French socialists, for example,

ensured that an employment chapter was added to the Amsterdam Treaty, but this does not translate into any influence over the SGP or the ECB; and attempts to ensure a more substantial EU social policy to compensate for the SGP's national-level fiscal constraints failed (Bailey, 2005: 28–9). While the social-democratic parties 'sold' participation in the EU to their constituencies as a means of achieving social democracy at the regional level, the practice has been of retrenchment of social democracy's aims and achievements at both national and European level.

And yet most of the mainstream 'left' continues to slavishly endorse an EU integration of a mainly neoliberal nature rather than posit an alternative at the European level. Watkins (2005: 21) describes 'the crisis of representation on the Left with ... leaders squarely opposed to the majority of their electorates'. There may be increasing electoral prices to be paid for this approach. But in most cases, where will the votes lost by the traditional left parties, where such losses occur, go? There is no guarantee that anti-integrationist voters may not drift towards the extreme right, which could well end up being the principal beneficiary of anti-EU sentiment (Ryner, 2007: 9).

There is a fundamental disconnection here. Those such as the ETUC and the traditional social-democratic parties who engage with the European project do not do so critically enough; and those who are critical, such as many Dutch and French voters, do not necessarily wish to engage with the project. Meanwhile, the forces of the EU state (the Commission, the ECB, etc.) and corporate power are able to drive the neoliberal project forward.

## Deterring democracy

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This situation is not, of course, accidental. Part of the power of the neoliberal EU project has lain in its ability to close itself off from democratic influence and accountability, and to render its decisions and practices non-transparent and immune from mass pressure.<sup>5</sup> A natural reaction, then, is for people to turn away from a project that appears set on a certain course regardless of what electorates have to say on the matter. Irish and Danish voters were asked to vote again when they registered the 'wrong' outcomes in EU Treaty referenda. Three-quarters of all French voters believe that the 'No' vote on the constitution had no impact on the course of European politics (Beunderman, 2006).

Part of the problem is the power wielded by behind-the-scenes corporate lobbyists, such as those organised in the ERT (see

above), which are arguably much more influential than national electorates. Of course, lobbying happens at the national level too; but large corporations are usually best placed to maintain a permanent lobbying presence in Brussels and Strasbourg (Balanyá et al., 2003; Centre for a Social Europe, 2004; McGiffen, 2001: 139). The fact that this lobby power operates through decision-making structures that are often lacking in transparency aggravates the problem, with EU trade policy formulation providing a particularly egregious example of non-transparency (Worldwide Fund for Nature, 2003). The European Council's preference for 'consensus' decision-making also deprives electorates of information — in the form of voting records — which they could use to hold their national governments to account *vis-à-vis* EU policy (Heisenberg, 2005).

A further element of the 'democratic deficit' may be seen in the tendency of unelected European-level institutions such as the ECB and the Commission to exercise power in a technocratic manner. Significant areas of, especially, economic policy are decided upon not by democratic discussion and debate, but by administrative fiat. Competition policy, state aid rules, the appropriate level of the interest rate and many other matters are all now largely determined by technical 'experts' operating in a supposedly neutral realm of objective facts and data. The EU is not alone in this trend, but it has led the way in important respects. To take one example, by institutionalising deficit spending limitations within the terms of the SGP, the European project aims to deny European people the right to democratically debate matters such as whether deficit spending, above a certain level, should be encouraged in the context of a recession. True, this power was handed to the EU by democratically elected governments; but the fact remains that it has resulted in the closing-off of space for democratic debate of this important issue, amongst others. EMU, as McGiffen (2001: 64) puts it, 'abolished the tiresome influence of popular, democratic institutions on macro-economic policy'.

This does not, in practice, make the matters decided upon non-political. The level of the exchange rate and the interest rate, for example, have important distributional consequences. But it does serve to limit the public's very right to even discuss issues portrayed as inappropriate subjects for public debate — such decisions being best left to the 'experts' (Forder, 2004).

Nor is this a new phenomenon: 'EMU is compatible with the strong tradition of elitism and depoliticization in European integration' (Tzoukalis, 2003: 157). Within this tradition, the role of the citizen is simply to be persuaded of the arguments of the

experts; and the only role of politicians is to better engage in that task of persuasion (Wodak, 2000). This type of approach results in a restricted and debilitated version of democracy, and it is not surprising that large swathes of the European population react by turning away from it in its entirety. Unfortunately, turning away does not derail the project.

## Conclusion

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The last two sections may read as something of a counsel of despair — there are few organised and mobilised actors seeking to transform the European project as currently constituted, and there are formidable barriers (in terms of constraints placed on democratic influence over the EU) to the achievement of any such transformation. We are faced, as Bohle (2006: 79) puts it, with ‘a situation of neoliberal supremacy, in which the transnational bloc cannot organise consent but, nevertheless, rules over a fragmented opposition’. And yet the task remains vital and urgent, whatever its difficulties.

We need to avoid the patronising characterisation of resistance to EU integration in its present form as being backward-looking and pointless (it is not necessarily that); but also to avoid celebrating it as inherently progressive in terms of its will and capacity to recast the European project (it is often not that, either). It has elements of, and potential for, a progressive politics; but it is also ambiguous, as Gramsci would have recognised: ‘By arguing that individuals and groups possess critical consciousness — albeit “in flashes” — of their subordinate positions in society, Gramsci acknowledged the ambiguity of resistance’ (Mittelman & Chin, 2005: 19).

Flashes of critical consciousness *vis-à-vis* the EU are certainly evident. French workers in their millions successfully protested against proposed new anti-labour (or labour market ‘flexibility’) legislation (Mahony, 2006a). Gill (2001: 65) notes the opposition of powerful public-service workers in France and many German unions to the expenditure cut-backs mandated by the SGP criteria (see also Bieler, 2007: 114–6). Leading European governments have been unable to keep their budget deficits within the terms set by the SGP, and those terms have consequently had to be loosened somewhat (Parker, 2005). This reflects the failure to persuade the populations of those countries that they must accept the dictates of European ‘disciplinary neoliberalism’ (Gill, 2001). The goal of EMU — to put in place regional institutions to ensure that national states cannot make their own compromises to class conflict (Bonefeld, 2002: 132) —

has not been fully realised. Hope lies in the fact that ‘continental European labour — above all in France — has increasingly grasped what the new EU project is all about’ (Gowan, 2005: 141). The attempt to portray the European project as a depoliticised, technocratic one has, in large part, failed, and its political implications are now widely known and resisted. Inevitably, this growing awareness is placing pressure on trade union movements to adopt a more oppositional stance towards EU neoliberalism.

Mass opposition to the Bolkestein Directive, aimed at liberalising trade in services within the EU, was a positive example of EU-wide mobilisation, even if it did not prove wholly successful (see above; see also Hay, 2007: 36–42). The fate of attempts to liberalise EU port services — the so-called ‘Port Directive’ — is another very promising development (Kubosova, 2006a, 2006b and 2006c). Dock workers’ strikes were organised across Europe a week before a critical EU Parliament vote, while public protests were held in Germany, the Netherlands, Finland and Belgium. On the day the directive was being debated in Strasbourg, between 6,000 and 10,000 protestors took to the streets of that city in protests that, despite a media focus on violence, were largely peaceful and effective. MEPs rejected the directive by an overwhelming majority. This was an example of Europe-wide action to kill off a liberalising assault *at its source* rather than react against it at the national level after the fact of its implementation.

Calls from the leader of the British Amicus union ‘to develop the principle of a European trade union’ are interesting (Kubosova, 2005a). But the *project* of any such union, or any less formalised European trade union coordination, needs to be more confrontational in character. Unfortunately, at present, ‘Working for marginal adaptations to the dominant orthodoxy of actually existing Europeanization is the line of least resistance, the new realism and practicality of a trade unionism that has lost its former utopian inspiration’ (Hyman, 2004: 22). Instead, what is required is a strategy that is willing to lobby and dialogue less, and to mobilise and oppose much more. In so doing, a revitalised European trade union movement could tap into the constituency of ‘new social movements’ which also have a contestatory relationship with the existing European project (Hyman, 2004: 25; see also Bieler & Morton, 2004). The (uneven but real) degree of cooperation evident between (some) trade unions and the social movements organised within various European Social Forums (ESFs) provides a possible model here, especially in their shared prioritisation of resistance to privatisation or otherwise allowing public services to be transformed into new realms of capital accumulation (Bieler,

2006). Bieler and Morton (2004) present a measured but generally positive assessment of the ESFs, emphasising the extent to which participants, despite their differences, remain broadly unified around a rejection of neoliberal globalisation. The European Federation of Public Service Unions has shown particular promise in its efforts to link up with other social movements in order to resist neoliberal restructuring of the public sector (Bieler, 2007: 117–8).

But, and this is the part that some opponents of actually existing European integration may find hardest to swallow, a radical policy for social Europe needs to be *European*. Of course, the struggle may often have to take a *national* character, such as opposition to the transposition of a particular EU-initiated policy into the national arena, or opposition to the ratification of a neoliberal constitution or treaty. And it will often be at the national level that the experience and practice of mobilisation will be developed that can then, hopefully, be extended to the European (and indeed global) arenas. But rejection of existing policies, as partially occurred in the French and Dutch rejections of the EU constitution, is of limited value if it seeks only to fill the moat and pull up the drawbridges against integration. The national castle will remain under siege from neoliberalising forces at the EU level while being undermined from within by those national forces sympathetic to the existing European project. The battle, while attentive to national circumstances and priorities, needs to be taken to Europe in the form of an ‘arduous “long march” into and across the European Union’ (Radice, 2007: 42), as well as across alternative Europe-wide networks such as those represented in the ESF. This has to include the articulation of an alternative European project: a different way of organising how Europe is governed.

Some of the elements of this alternative project are already fairly evident. They include:

- an expansionary monetary policy;
- a facility for deficit spending over and above SGP criteria (including increased social spending by the EU itself, perhaps facilitated by an EU-wide taxation system);
- the harmonisation upwards of workers’ rights and standards of environmental protection;
- an insistence on the value of public ownership and provision (at national or regional level) of public services (see Herman & Hofbauer, 2007: 137);
- the re-regulation of financial markets — a position likely to become ever more popular as global financial crises reveal the growing dangers of not supervising these markets (Thirkell-White, 2007);

- a development-friendly external policy that would prioritise global poverty reduction over the interest of European corporations.

In many of these demands, left forces could expect to draw support from centrist and Keynesian commentators increasingly disillusioned with the current governance project (see above). The left, however, can adopt such a programme as an *interim* objective in a longer-term ‘war of position’ aimed at ultimately securing more fundamental degrees of economic democracy (Bieler, 2006).

Underpinning this alternative project must be a resistance to the ‘depoliticisation’ that has hitherto characterised EU practices. The realm of the political must be re-broadened to include various aspects of, especially, economic policy. This would constitute, above all else, a fundamental democratisation project. The EU will not willingly make itself more democratic; but it may perhaps be dragged kicking and screaming *towards* democracy (Wilde, 2007: 65). Greater attention also needs to be paid to those forums and networks — such as those active within the ESF process — in which a non-neoliberal European democracy is already evident and/or more realisable. The emergent left *opposition* to neoliberal Europe needs, perhaps paradoxically, to *engage* with Europe as never before.

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### Postscript: the Irish rejection of the Lisbon Treaty

On 12 June 2008, Irish voters rejected the Lisbon ‘reform treaty’ (see above), the proposed successor to the defeated constitution, by a margin of 53 to 47 per cent on a turn-out of 53 per cent. As with the 2005 votes in the Netherlands and France, voting was heavily class-correlated, with the self-employed, professional and senior managers disproportionately represented on the ‘Yes’ side (Eurobarometer, 2008). Mirroring the experience of the French Socialist party, a large majority of Irish Labour Party supporters voted against the treaty despite the party leadership’s support for it (Leahy, 2008). A number of left-wing groups campaigned actively against the treaty, as, for very different reasons, did some prominent businessmen and a range of social conservatives.

According to a Eurobarometer survey (2008), the main reasons given for a ‘No’ vote were a lack of information (cited by 22 per cent of those voting ‘No’) and a desire to protect Irish identity (cited by 12 per cent). Concerns about Irish entanglement in European military arrangements played a part in the ‘No’ vote, as did more general concerns about democratic accountability. These

can be at least partially interpreted as left-wing concerns, though they are not necessarily exclusively so. However, specifically right-wing concerns (such as perceived EU threats to Ireland's ban on abortion and its low rate of corporation profits tax) equally played some part in the outcome. The Irish vote may thus be closer in character to the Dutch than the French one, in that it is difficult to interpret it in mainly left-wing terms.

The point was made earlier in this article that opposition to the current EU project often involves a desire to retreat from its damaging effects, rather than to engage with and change the EU itself. However, 80 per cent of Irish 'No' voters expressed support for Ireland's membership of the EU (Eurobarometer, 2008); and in fact, one post-referendum survey found that over 40 per cent of 'No' voters claimed to favour closer EU integration over protection of Irish independence from the EU (Marsh et al., 2008). These findings indicate potential support in Ireland for an opposition to neoliberal Europe that is at the same time willing to engage with Europe — and as this article has argued, this is essential if the neoliberal project is to be countered and reversed.

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- 1 The substance of this paragraph is drawn from Cassen (2005).
- 2 Of course, opinion-poll findings such as these should be treated with some caution since people may be reluctant to admit to positions that are perceived to be racist or otherwise socially unacceptable.
- 3 Likewise, it makes perfect sense to find that for central and eastern Europe, support for EU membership is closely correlated with income and education levels, and that those less confident in the tender mercies of the free market economy are most cautious of membership (Caplanova et al., 2004).
- 4 This is not to deny the existence of opposition to some neoliberal policies even within the Commission itself. For example, the directorates general (DGs) for Environment and Development are less committed to the neoliberal agenda than is DG Trade. In general, however, the DGs that matter most (in terms of power) are precisely the ones most infused with neoliberal ideas. For a discussion of some of the tensions between different DGs on the specific issue of sustainable development, see Burchell and Lightfoot (2004).
- 5 In a wider context, van der Pijl (2006: 27) makes the point that 'democracy had to have its wings clipped before capital could reimpose neoliberal discipline'.

## **Conference of Socialist Economists and Capital & Class**

**Annual General Meeting and Extraordinary General Meeting  
1.00–5.00 pm, 1st November, 2008 at Conway Hall, Red Lion Square, London**

The 2008 Annual General Meeting of CSE will consider the accounts of CSE and the reports of the Executive Committee and the Editorial Board of the independently published journal, *Capital & Class*. There will be elections for the vacant places on the Executive Committee and the Editorial Board of the journal.

The **AGM** will be followed immediately by an **Extraordinary General Meeting**. The subject of this meeting will be the future of the journal and whether or not it should continue as an independently published journal. All individual subscribers to the journal are members of CSE and are welcome to attend. All institutional subscribers are each entitled to send one representative.

### **The Executive Committee of CSE, 7th August, 2008**

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