

The destiny of the EU – from a secular market-state to a civic commonwealth?

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The EU's mutation into a 'market-state' that fuses top-down legal harmonisation with bureaucratic centralism and capitalist commodification is incompatible with Catholic Social Thought and cognate traditions in Anglicanism and Eastern Orthodoxy. The proposed alternative is a civic commonwealth – a voluntary association of nations and peoples that can re-embed states and markets based on strengthening intermediary institutions and reconnecting the EU's political project to its citizens. Europe's shared Christian heritage is a source of cultural renewal without which the Union lacks a firm foundation and finality. If it stays in, then the UK can provide much-needed leadership. (The views expressed represent only those of the author.)

Introduction

At the heart of the European Union is a profound ambiguity – the post-war project of peace, prosperity and partnership between peoples and intermediary institutions that was built by both Christian and Social Democrats *versus* the fusion of the bureaucratic state with the 'free' market, a fusion initiated by Jean Monnet and reinforced by the Single European Act which centralised power, concentrated wealth and commodified society.

In this essay I argue that the EU's evolution towards a 'market-state' undermines Europe's common culture based upon the Christian synthesis of ancient with biblical virtues on which vibrant democracies and market economies ultimately depend for trust and cooperation. The proposed alternative is a civic commonwealth – an association of nations and peoples rather than either a federal super-state or a glorified free-trade area. Reconnecting the political project to Europe's citizens is the most urgent and important task. Equally vital is the strengthening of intermediary institutions that can help embed states and markets in the interpersonal relations of civil society.

The post-war miracle

The European project came into existence to resist the three forces that had devastated Europe in the twentieth century: economic nationalism, the free-market ideology of *laissez-faire* capitalism, and the state corporatism of the communist, fascist and national-socialist regimes.

Europe's founding fathers were more inspired by Catholic Social Thought than by secular ideology.¹ They inaugurated cooperation between former enemies in agriculture and in coal and steel, and built coalitions among trade unions, businesses and the churches. Underpinning this new economic settlement was a substantive conception of the common good based on shared interests. Especially in the Federal Republic of Germany, the social market economy that was supported by both Christian and Social Democracy embodied many principles of Catholic Social Thought.

One way to characterise the post-1945 European settlement is in terms of a triple triad. First, *vocation, value and virtue*: a vocational labour market in Germany, the Netherlands and parts of both France and Italy – coupled with regional banks and local government – has sustained a more balanced and diversified economy that produces goods and services of value which serves the needs of people. This model also provided many incentives to virtue rather than vice – incentives to shared benefit, generosity, and a measure of trust and cooperation instead of greed, selfishness, distrust and conflict.

Second, *solidarity, subsidiarity and status*: the early European project focused on real, interpersonal solidarity between agriculture, manufacturing, industry and services. For example, the six founding members of the European Economic Community were committed to preserving small-scale agricultural production. The much-maligned Common Agricultural Policy – in its original version – defended small-holding farms and their important social and cultural role. Co-determination in industry represented subsidiarity in action and was also a cornerstone of cooperation between countries that had been at war for much of the previous two centuries. The status of workers and peasants was central, affording them not just an income to feed themselves and their families, but also a public recognition of their vital contribution to society.

Catholic Social Thought and Christian Democracy shaped a politics based on pooling sovereignty and strong intermediary institutions to counterbalance global capital and the centralised state. Together with a process of reconciliation between Germany and its neighbours, it gave rise to a new era of *peace, prosperity and partnership* – the third triad.

Today the legacy of the early European project is under unprecedented threat, as the EU faces an existential crisis that could end in the unravelling of both European integration and enlargement. It is not merely external shocks such as the 2008 financial crisis, Russia's actions on the eastern border or the migration emergency that are destabilising Europe. There are also internal forces at work that have undermined Europe's Christian origins and outlook.

Europe's 'original sin'

Indeed, there was an ambiguity from the outset. The primacy of the economic and the political over the social goes back to the 'Monnet method' of supranational integration that was already enshrined in the 1957 Rome Treaty. Named after the French technocrat Jean Monnet who headed the High Authority that mutated into the European Commission, this method is also known (in proper academese) as 'neo-functionalism' – the idea that ever more economic exchange and legal uniformity will over time produce political unification.²

Monnet's neo-functional approach fused French directives with German 'Ordo-liberal' thinking, which since the late 1960s has differed from Catholic Social Thought in that it privileges legal positivism and procedure over substantive coalitions of interest.³

Europe's 'original sin' was to fail to develop a shared political economy that would extend the virtues of the German social market model to the rest of the EU, while correcting the vices of Ordo-liberalism – too much emphasis on central rules and regulations, too little emphasis on the social purpose of investment and competition.

Germany has managed to preserve many elements of the social market, including worker representation on boards, regional banks, farm subsidies, an industrial policy, and a vocational labour market.⁴ But neither the Christian nor the Social Democrats resisted the neo-liberal takeover of German *Ordnungspolitik*, above all the pursuit of austerity and price stability that in the context of the Eurozone favours deflation and depression.⁵

The tragedy of the EU is that Germany has exported its ethics and politics rather than its economy: Kantian morality of context-less duties, Weberian statecraft void of virtue, and Bismarckian quasi-military management of citizens through centralised welfare. Reinforced by French *dirigisme* and bureaucratic diktat, the Franco-German marriage has engendered a Europe that is abstract, administrative and alien vis-à-vis its citizens just because it is founded more upon formalism, legalism and rationalism than it is upon substantive unity, judgement and a richer conception of reason (which we owe to various European traditions from the Italian Renaissance to the early Romantics such as Novalis, Schlegel, Maine de Biran, the young Victor Hugo, William Blake, John Ruskin and William Morris). Reason reconnected with habit, feeling and faith can correct the instrumental rationality of both capitalism and bureaucracy.

Europe's 'cardinal vice'

To Europe's original sin we must add the cardinal vice of the 1985 Single European Act so beloved of Mrs Thatcher. Far from creating a free market liberated from French dirigisme, it progressively replaced Europe's Common Market with a Single Market. This distinction is much more than simply semantic. The Common Market rests on

the mutual recognition of national diversity (with some basic minimum standards) that is negotiated predominantly by the individual member-states. By contrast, the Single Market promotes top-down harmonisation giving all power to the Commission and the Court of Justice.

In practice, the EU has put in place a regulatory regime that imposes uniform standards across all member-states, whereas before EU directives required some minimal harmonisation of European law but also had the effect of banning restrictive regulation in countries that interfere with the four freedoms (people, goods, services and capital).

Connected with this is the EU interpretation of the principle of subsidiarity, as Philip Booth has shown.⁶ In Article 5 of the EU Treaty and other texts, subsidiarity implies that the Union is obliged to take action wherever it has an advantage in terms of scale or effect. Not only does this invert the burden of proof and raise question over who has the legitimate authority to decide, but it also hollows out the primacy of society over the economy. From the family via intermediary institutions all the way up to the nation, the primacy of the social over the economic is central to Catholic Social Thought (and cognate traditions such as guild socialism or One Nation conservatism). As a result of EU legalism and proceduralism, subsidiarity has become an engine of centralisation when it was supposed to be a device for devolving power to people.

Thus EU centralism is neither necessary nor inevitable. It was the outcome of contingent political decisions to fuse Anglo-Saxon free-market economics with continental bureaucratic statism, which successive governments have taken to new levels. It is this European 'market-state' that lacks political direction, economic vitality, social cohesion and civic consent.

Europe's civic commonwealth

If the EU is no longer able to provide peace, prosperity and partnership, then what is it *for*? Europe's diverse Christian heritage can be a source of renewal, which reminds us that the purpose of the EU is not to pursue power or wealth or to maximise our private happiness or public utility. Rather, the foundations and finalities of the European project involve certain ideas of civilised life that are embodied in specific institutions and practices.

In a remarkable report entitled *The Spiritual and Cultural Dimension of Europe* published in 2004, a Reflection Group composed of European statesmen and intellectuals debunked the neo-functional myth that economic integration will lead to political union and that market forces can produce politically resilient solidarity: 'The original expectation, that the political unity of the EU would be a consequence of the European common market has proven to be illusory [...]. To function as a viable and vital polity, the European Union needs a firmer foundation.'⁷

Precisely because it rightly rejects any arbitrary list of abstract values, the group argues that the role of Europe's common culture, which is a variety of traditions that are both intertwined and in tension with one another, grows in significance as the old secular logic of integration unravels. Crucially, the Reflection Group suggests that Europe can only be properly understood as a cultural project:

Europe itself is far more than a political construct. It is a complex – a 'culture' – of institutions, ideas, expectations, habits and feelings, moods, memories and prospects that form a 'glue' binding Europeans together – and all these are a foundation on which a political construct must rest. This complex – we can speak of it as European civil society – is at the heart of political identity. It defines the conditions of successful European politics and the limits of state and political intervention.⁸

This means that the EU requires a wholesale transformation in line with this outlook and the principles bequeathed by Catholic Social Thought – interpersonal solidarity, substantive subsidiarity and the mutual recognition of all as members of society who make a unique contribution based on their vocation and talent.

Amid the current crisis of legitimacy, this suggests that the EU should pursue a 'subsidiary' polis that connects supranational institutions much more closely to regions, localities, communities and neighbourhoods. If all political identities are nested, then there is no reason why the Union cannot over time generate a sense of common *demos* with a mutual *ethos* and *telos* that augment rather than negate a local, regional and national sense of belonging.⁹

Concluding reflections

Over-ambitious? Perhaps, but the alternative is either the permanent division of the EU between core and periphery, or else its collapse and with it the end of the only political expression of Europe's shared culture. The stakes of Britain's EU referendum could hardly be higher. Faced with the threats of terrorism, economic depression in the southern Eurozone and the impact of mass migration, the Union could yet disintegrate. After Brexit, the UK would have much to fear from a messy breakup of the rest of the EU, as it would be swept up into its turbulent wake.

A Brexit would leave the rest of the EU exposed to a German hegemony that Germany does not want and everybody else fears. As so often before, Britain could and should act as a bridge to secure a balance of power and prevent the dominance of any one continental power. No other European state can play this vital role. If the UK decides to stay in, it has the opportunity to re-engage with the Union and lead by building new alliances with like-minded member-states – in Scandinavia, the Low Countries, Central and Eastern Europe as well as Mediterranean members such as Portugal and Italy who are disillusioned with the current direction. All this requires old-fashioned virtues of courage, imagination and leadership. After the referendum there is a unique moment to remember and renew the best traditions of Britain and the rest of Europe that Christianity has bequeathed to us.

For further reading

- Rémi Brague, *L'Europe, la Voie Romaine*, rev. ed. (Gallimard, 1999); trans. as *Eccentric Culture: A Theory of Western Civilization* (St Augustine's Press, 2002).
- Sylvain Gouguenheim, *Aristotle au Mont Saint-Michel: Les Racines Grecques de L'Europe Chrétienne* (Seuil, 2008).
- Karl Polanyi, *The Great Transformation: The Political and Economic Origins of our Time* (Beacon Press, 2001 [1944]).
- Larry Siedentop, *Democracy in Europe*, new ed. (Penguin, 2001).
- Rowan Williams, 'Secularism, faith and freedom', Lecture at the Pontifical Academy of Social Sciences, Rome, 23.11.2006, available at http://www.archbishopofcanterbury.org/sermon_speeches/061123a.htm

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- ¹ Wolfram Kaiser, *Christian Democracy and the Origins of European Union* (Cambridge University Press, 2007).
 - ² On neo-functionalism, see Ernst B. Haas, 'International Integration: The European and the Universal Process', *International Organization*, 15 (1961), 366-92; W. Sandholtz and A. Stone Sweet, 'European Integration and Supranational Governance', *Journal of European Public Policy*, 4 (1997), 297-317.
 - ³ Certain strands of Ordo-liberalism – in particular the work of Wilhelm Röpke, Alexander Rüstow and, more recently, Werner Lachmann – are infused with Catholic Social Thought and cognate traditions in Protestantism, whereas others versions embrace more Weberian and Kantian ideas.
 - ⁴ Werner Lachmann, 'The German social market economy. Its theological justification and role in European integration', in Gary Wilton and Jonathan Chaplin, eds., *God and the EU: Faith in the European project* (Routledge, 2016), 89-108.
 - ⁵ C.S. Allen, "'Ordo-Liberalism" Trumps Keynesianism: Economic Policy in the Federal Republic of Germany and the EU', in B. Moss, ed., *Monetary Union in Crisis: The European Union as a Neo-Liberal Construction* (Palgrave Macmillan, 2005), 199-221; Sebastian Dullien and Ulrike Guérot, 'The Long Shadow of Ordoliberalism: Germany's approach to the Euro Crisis' (European Council on Foreign Relations, 2012), available online at http://www.ecfr.eu/page/-/ECFR49_GERMANY_BRIEF.pdf; Simon Bulmer, 'Germany and the Eurozone Crisis: Between Hegemony and Domestic Politics', *West European Politics*, 37 (2014), 1244-1263.
 - ⁶ Philip Booth, presentation at a seminar on the EU's political economy organised by the University of Kent, House of Lords, 21 April 2016. See also Philip Booth and Diego Zuluaga, 'Subsidiarity needs to take its rightful place in the EU', *Reimagining Europe*, 24 February 2016, available online at <http://www.reimaginingeurope.co.uk/subsidiarity-needs-to-take-its-rightful-place-in-the-eu-2/>
 - ⁷ Kurt Biedenkopf, Bronislaw Geremek, and Krzysztof Michalski, *The Spiritual and Cultural Dimension of Europe: Concluding Remarks* (Institute for Human Sciences/Brussels: European Commission, 2004), available at http://ec.europa.eu/research/social-sciences/pdf/michalski_281004_final_report_en.pdf, 6.
 - ⁸ *The Spiritual and Cultural Dimension of Europe*, 9.
 - ⁹ For a longer exposition of this argument, see Adrian Pabst, 'Commonwealth or Market-State? Europe's Christian heritage and the future of the European polity', in *God and the EU*, 109-28.