

The Left-Sovereigntist Fantasy: A Response To William Mitchell And Thomas Fazi

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William Mitchell and Thomas Fazi (WM/TF) have written a [piece](#) that – under the presumptuous title of *Everything You Know About Neoliberalism Is Wrong* – offers a critique of the idea that nation states need to pool sovereignty in order to enact progressive policies and makes a plea for a “progressive emancipatory vision of national sovereignty”. It has attracted some favourable attention, not least from colleagues at Eurointelligence. I consider that unfortunate, for the analysis fails, in my view, in both goals. It does not convincingly discredit the view that pooling sovereignty is a sensible response to the constraints imposed by globalisation. Nor does it make the case for a specifically left-wing strategy of enhanced national sovereignty, traditionally the mantra of the hard right, that might endear it to progressive politicians and academics.

The article alone would not necessitate a response: I am well aware that textual analyses do not make racy reading. But given the increasing hold of such ideas on parts of the European Left – some elements of which are taking positions indistinguishable from the extreme right – while social democracy is visibly searching for new ideas, the arguments made are important and a critical analysis is in order.

The piece starts with a statement of what the authors see as the “conventional wisdom” (to be debunked), namely that globalisation undermines national sovereignty and therefore “our only hope of achieving any meaningful change is for countries to ‘pool’ their sovereignty together and transfer it to supranational institutions (such as the European Union) that are large and powerful enough to have their voices heard, thus regaining at the supranational level the sovereignty that has been lost at the national level”. That is a clear and accurate statement. What, according to WM/TF, is wrong with it?

In running through WM/TF’s counter-arguments, we will need to check two things. One is whether the claims made are – more or less – true in themselves. The other is whether they constitute evidence against the claim that pooling sovereignty is a not a way to promote progressive politics and should be replaced by what I will call here left sovereigntism. To be effective counter-arguments must meet both tests.

Debunking the debunkers

The first argument adduced by the authors is that the nation-state as measured by its spending share in the economy has not withered away in the face of neoliberalism. This is factually true; indeed I have pointed it out myself (see [here](#); the context, though, was an argument specifically about public spending). However, the fact that state spending in the economy has remained constant or even increased does not in any way prove that (nation) state capacity to deliver “progressive” policy goals has not been eroded. It says nothing about other regulatory matters, nor about the sources of financing. Taking up the latter issue, there is clear evidence that mobile capital and higher earners have been able to reduce their tax burden at the expense of (immobile) labour. And you don’t need to take my word on that because WM/TF say the same thing later in their essay.

Their second argument is that the state at national level, far from withering away, has intervened extensively and permanently to deregulate, liberalise and engage in regressive redistribution. This is (if a little one-sided) also broadly factually correct. Yet far from being a counter-argument, it is perfectly compatible with the view that the authors are trying to disabuse readers of: globalisation pressures nation states into becoming willing servants of mobile capital, pandering to its real or perceived needs and destroying the social acquis of an earlier generation.

More promisingly, WM/TF then announce their intention to confront the idea that national policy follows the “diktats of global capital” by looking at the evidence. Unfortunately they frame the discussion by asking whether “national sovereignty has truly reached the end of its days”. That is, of course, an absurdly exaggerated “straw-man”: globalization can materially constrain sovereignty, justifying pooling it in structures like the EU, without

destroying it entirely. Worse, they do not then present evidence at all, but rather offer an interpretation of Rodriks's well-known impossibility theorem: you can only choose two out of three from globalization, national democracy and national sovereignty. In particular they cite his view that globalization is incomplete and leaves national policy-making space. Again this is correct but it is only a counter argument to the extreme view (straw man) that there is no space. It has no bearing on the issue of pooling vs sovereigntism.

The examples the authors give are also revealing. They point for instance to a high correlation between national saving and investment rates. What this means is that states cannot normally run large and persistent current account surpluses and (especially) deficits. In other words it is a sign of a global constraint on national policymaking; see [here](#) p.102ff for some evidence). If, as seems plausible, it is more binding on deficit than surplus countries this imparts a deflationary bias to national policymaking to which sovereignty pooling would be an appropriate, welfare-enhancing response. Secondly, in their search of an argument for limits to globalization, WM/FZ draw attention to the severe restrictions on the freedom of movement of labour, compared to capital. However, it is precisely the leverage imbalance implied by this mobility differential – put starkly: capital has an exit option, labour does not – that gives rise to the view that progressive economic and social policies in small open economies are constrained in an international context and that pooling is a necessary step to regain policy-making traction.

The next argument is about what the authors call “depoliticisation”, which means things like creating independent central banks, applying fiscal rules and delegating responsibilities to “super-state bureaucracies like the EU”. Much could be said about the former, more technical issues (the debate on independent central banks, for instance, needs to be conducted in a much more nuanced way). Suffice it to say in this context that the point made earlier applies here too: “depoliticisation” is perfectly compatible with a view that it has been driven by external constraints and is therefore not a convincing counter-argument.

Moreover, the authors start at this point, if not earlier, to get entangled in hard-to-resolve contradictions. Depoliticisation, we are told, is a strategy pursued by national “elites” (seemingly untrammled by national democracies). Somehow WM/TF turn this into an argument for “embracing (once again) a progressive emancipatory vision of national sovereignty”. Quite how this Damascus-like conversion by national elites, or a sudden re-imposition of people-power that had been oddly absent to date, will come about remains a mystery; possibly the lack of an argument is intended as an incentive to read the authors' book. What are the electoral prospects of those, like Melenchon in France, pursuing a left sovereigntist line? How likely is Brexit, which the authors describe as a “unique opportunity”, to deliver a rosy socialist rather than a cold-hearted neoliberal outcome (if it actually happens)?

As far as the critique of the EU is concerned, it is certainly true that is at present far from meeting the hopes of those who see pooling sovereignty as the solution to the pressures of globalization. Unfortunately, some neoliberal – I don't like the word but I will adopt it as shorthand here – precepts were embedded in the economic governance of the EU and Euro and are hard to change. WM/FT's EU critique is very substantially exaggerated, however. The EU is not an undemocratic liberalisation steamroller as the authors imply: I won't dwell on this point, see [here](#). More fundamentally, though, and asking the reader's indulgence for the unavoidable repetition, the weaknesses of real-world sovereignty pooling in the EU do not constitute an effective argument against the overall pooling-sovereignty argument and strategy, nor one for the alleged superiority of nationalist approaches. The need for EU and EMU reform is disputed by hardly anyone. A reform process is underway with an uncertain outcome. A strong case can be made for progressive forces to engage in that debate. I would argue that it is the persistence of intergovernmentalist structures (the fiscal compact being a case in point) that is holding the EU back and making it a more effective force to channel unwanted repercussions of globalization.

This is all the more true given the obvious weaknesses of the my-nation-state-first strategy. I assume because they feel uncomfortable about the proximity of their views with some tenets of the nationalist right, the authors felt obliged to end their piece with a call for, yes, European cooperation. Each country maximizes the welfare of its own citizens (the nasty national elites having been suddenly cowed), and this is then leads to “multilateral cooperation between sovereign states”. Quite what the basis for such cooperation should be is left unclear. Maybe something like the WTO in which each state only signs up to what it can accept?

Whatever design is envisaged, the fault with this my-country-first strategy ought to be obvious to anyone with even a faint familiarity with economics and history. Many policies that are welfare enhancing at national level that impose costs on neighbouring countries. How can a decentralized system of multilateral relations between sovereign states prevent them externalizing costs in this way? How can the bullying of smaller by larger, more powerful countries be tamed. (Yes this also occurs within the EU, but supranational structures offer a partial corrective.) How long before such conflicts lead to the threat of the use of force and, horror of horrors, war on European soil once more? Are the authors really so blind as to the lessons of history when European countries engage as sovereign nation states without a (partially) supranational framework.

To sum up, William Mitchell and Thomas Fazi have failed in their attempt to shoot down the view that globalisation (whatever its other benefits) constrains national policy and that a progressive politics therefore requires sovereignty pooling. They present no clear and compelling case why nation states, which they themselves see as agents of neoliberalism, bullied by domestic elites and afflicted by depoliticisation, will experience a Damascene conversion leading to democratic socialism. They share the belief of neoliberal Brexiteers and other right-wing populists that, freed from the shackles of Brussels, they will be able to engage in social engineering according to their own proclivities. Take back control! The fact that both sides believe the same thing, but have more or less diametrically opposing visions of what is to be done with the newfound national sovereignty reveals the belief as the fantasy that it is.

One of the authors, William Mitchell, has written a [response](#) to this critique.