

**Title: Brexit and the democratic deficit.**

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The discussion over the democratic deficit of the EU has been around for a long time. Originally it referred to the transfer of powers from the national level to the EU institutions and later to the balancing of power between a 'union of nations', a 'union of citizens' and a 'union of people', aiming to create the conditions where no nation would be a lesser partner and no citizen powerless. In the last few years, after the crisis of 2007-8, it became apparent that the EU had failed on all those accounts. The 'union of nations' is regressing to divisions and nationalisms with some citizens enjoying full rights while others seeing their rights stripped away. The collective wellbeing of the peoples of the EU is excluded from institutional considerations and overlooked for the benefit of global corporate and financial interests. Key moments exposing how far the EU has derailed from its social vision are the 2015 negotiations between the Greek government and Troika (IMF, EC, ECB) and the British referendum in July 2016.

When the negotiations between the EU institutions, the IMF and the Greek government started in the summer of 2015, it became obvious once more that the crisis would be employed as a moralising mechanism to punish states, citizens and people already badly hit by it, overwhelmingly in the South of Europe. Already in the spring of 2010, Greece, unable to service its loans had been subjected to lending programmes (memoranda) that enforced severe austerity on the country and worsened its already huge debt. The haircut of the Greek debt in 2012 (primarily towards private lenders such as banks, insurance companies and investment companies) did not deliver its reduction from 160% of the GDP to 120% (for the period 2011-2020) that was promised. Instead the debt continued to increase (reaching around 180% of the GDP), and successive austerity policies led to the disintegration of the social fabric of the country. By January 2015 when the anti-austerity government of SYRIZA (Coalition of the Radical Left)-ANEL (Independent Greeks) came into power the situation in Greece was critical, the reduction to pensions and wages had reached 40% , one in four was out of work and youth unemployment had reached 60%. Almost four million people living in Greece, more than a third of the country's total population, were classed as being 'at risk of poverty or social exclusion'<sup>1</sup>.

The Greek negotiations achieved something that in a way mirrors the British referendum. They allowed the 'people' to invade the central stage in politics.

We should not forget that Syriza came to power in 2015 after drawing electoral support from the indignant movement in Greece (2011). This was rendered possible by connecting the diverse, heterogeneous demands of the protests in a programme that promised to eliminate the humanitarian crisis, freeze private debt that exceeded the one third of the income of each household, restructure the state and finally, revitalize the economy through the strengthening of labour rights<sup>2</sup>. The SYRIZA's negotiations in 2015 were aiming to put an end to the demand of primary surpluses, write off part of the debt and end the politics of austerity. As the negotiations

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<sup>1</sup> Lucy Rodgers & Nassos Stylianou, 'How bad are things for the people of Greece', <http://www.bbc.co.uk/news/world-europe-33507802>, accessed 18/10/16.

<sup>2</sup> Institute Rosa Luxemburg (2015) 5 Years of Crisis, Brussels & Athens (in Greek).

progressed, it became clear that there was no appetite for any of these demands, as they could send the wrong signal across Europe: a u-turn on austerity policies.

Soon the negotiations reached an impasse and the lenders issued an ultimatum to the Greek government on June 29 2015. The Greek government's appeal to the European Stability Mechanism (ESM) to provide liquidity to the Greek banks was also rejected,<sup>3</sup> and capital controls were put into effect, a move perceived as a cynical attempt by the EU institutions to pressure Greece into submission. At this point, the Greek government evoked the only possible tool available to resist the demands of the EU institutions: namely the democratic mandate of the people and called for a referendum in July 5 2015. To the surprise of many in Europe, the Greek people voted for the rejection of the lending agreement enforcing the continuation of austerity (with a majority of almost 62% of the vote). The outcome of the referendum was rejected by Troika and another memorandum enforcing yet more structural adjustments and austerity was forced upon Greece. The rejection of the democratic mandate of the Greek people is a stain that will haunt the EU for a long time and the beginning of a series of rejections by the peoples of Europe to what is perceived as a highly undemocratic union.

The negotiations dominated the media agenda of most European countries for months on end, including Britain. Rarely do the EU processes become so newsworthy and offer so much drama that speaks directly to all social strata in society. Complex economic and political processes, however, offered the opportunity for a simplistic narrative allowing prejudices to crystallize while leaving structural deficiencies of the European Union and particularly the Eurozone, to go unchallenged. The opportunity for a robust critique of global neoliberal structures was missed.

Large part of the British media output could be summarized as occupying two dominant positions: either allying with EU and German spokespersons in order to justify the imposition of neoliberal austerity (domestically and in Greece) or being more sympathetic to the Greek case against what was perceived as the tyranny of the undemocratic EU that fit comfortably within the widespread Eurosceptic discourse in the UK. It is true that the critique of neoliberal economics and austerity as employed in Greece resonated with the experience of austerity in Britain and was welcomed by the left. But we should emphasise the fact that it also assisted the rejection of the EU driven by conservative forces in the UK. While in Greece after years of austerity and grassroots struggles a left leaning narrative had become dominant, in Britain the dominant frame is still being shaped by the right. This domination of the right and extreme right in both the Remain and the Leave camps was evident during the referendum. More nuanced arguments advanced by the left during the EU referendum campaign never received much publicity and even when they did, they were not given the time and space necessary to challenge the dominant discourse. These arguments recognise the complexity of the situation. On the one hand, they acknowledge the domination of EU institutions by neoliberal forces, which refused to remedy the structural deficiencies of the financial and banking sectors and were willing to sacrifice democratic accountability in order to protect global capital; on the other hand they suggest that the EU could still be stirred towards a social or even socialist

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<sup>3</sup> The ECB refused the National Bank of Greece of the European Stability Mechanism resulting to the end of liquidity for Greece.

future, by electing left leaning national governments supported by dynamic social movements across Europe, shifting the balance of powers of the EU institutions.

Although significant differences between the British and Greek referenda, both have in common the rejection of the European elites, perceived as distant, undemocratic and indifferent to the people of Europe. What the British establishment managed to achieve, however, (both in its Remain and Leave expression) was the disconnection between the conservative neoliberal agenda, pursued by successive governments since the Eighties at the domestic and EU level, and its role in the domination of this agenda at EU level. Instead, the EU was demonized for domestic failures and a new powerful conservative vision emerged victorious from this process, a vision that offers little comfort both to EU nationals residing in the UK and the most vulnerable of the British nationals alike.

Unquestionably, the dominant topics during the Leave campaign were immigration and the fiscal burden of EU membership. According to latest research by the University of Warwick, the 'results highlight that policy choices related to pressure from immigration, fiscal cuts and the housing market are linked to a higher Vote Leave share especially when socio-economic fundamentals are 'weak' (low incomes, high unemployment), and when the local population is less able to adapt to adverse shocks (due to low qualifications and a rising age profile)' <sup>4</sup>. In other words, those affected most by the austerity of the Cameron government could translate EU migration as a cause of their situation. The study also concludes that the 'results indicate that modest reductions in fiscal cuts could have swayed the referendum outcome'<sup>5</sup>.

But while the demonization of EU immigration framed the whole referendum debate, austerity did not feature in it. Instead the rhetoric of 'taking back control' and the democratic deficit of the EU helped to derail the debate from questions over the relationship between neoliberalism and democracy, at national and European levels. This has not been the case in Greece where already since the movement of the squares in 2011 both national and European elites were condemned as undemocratic in their servitude to neoliberalism.

The delusionary nature of the Leave vote and how the focus on the democratic deficit of the EU eradicated any criticism of the undemocratic structures and policy-orientation of the UK is evident around the debate on trade agreements.

For the past few years, the EU is trying to agree on two trade deals, one with the US, the Transatlantic Trade and Investment Partnership (TTIP), and one with Canada, the Comprehensive Economic and Trade Agreement (CETA). The details of the deals promoting trade and multilateral economic growth have been kept classified from the public but multiple leaks brought to the light information that has caused widespread controversy and opposition to the deals by unions, NGOs, and activists. The finalization of TTIP which was planned for the end of 2014 has fallen through and

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<sup>4</sup> Becker, O. S., Fetzer, T., Novy, D. (2016) Who Voted for Brexit, Warwick, p.4 [http://www2.warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/305-2016\\_becker\\_fetzer\\_novy.pdf](http://www2.warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/305-2016_becker_fetzer_novy.pdf), (accessed 18/10/16).

<sup>5</sup> Becker, O. S., Fetzer, T., Novy, D. (2016) Who Voted for Brexit, Warwick, p. 1 (accessed 18/10/16).

CETA had been rejected lately by the Belgian regional government (Wallonia) through a resolution requiring the unanimous agreement of all 28 EU member states.

One of the points of contestation regarding both deals is the introduction of Investment-State Dispute Settlement (ISDS) 'courts', composed by corporate lawyers rather than judges, enabling American and Canadian corporations to sue governments, if they see their profits threatened. While many naively believe that after Brexit these deals will not apply to Britain, little was it discussed during the campaign how the UK government was one of the most dedicated supporters of these deals and how it chose to include the NHS in these deals in the first place. Worse, these deals including the ISDS system, if they come through, they will become the template for other trade deals (bilateral deals that will shape the future of the UK outside the EU as well).

Comparing the UK with the EU, one could suggest that the former allows less democratic accountability and transparency than the EU transnational institutions, despite their flaws. Unelected bodies like the House of Lords; an electoral system of 'first past the post'; and the medieval structure of the Corporation of London, the local council responsible for the Square Mile were vote rests with the largest corporations ensuring that the interests of the City are protected in Parliament<sup>6</sup>, speak volumes of the state of UK democracy. And yet none of these issues caused concern during the referendum campaign.

### **After the Brexit Vote**

Already from the start of the prolonged period that will define the future between Britain and the EU, the concerns over the democratic processes leading to a new relationship are starting to expose that the demand for accountability, transparency and participation in democratic processes should start at national level. In Britain a new discourse redefining citizenship and rights is in the making with Teresa May's government.

The marked shift in the conservative political rhetoric, situated somewhere between 'Blue Labour' and 'Red Torism', is already promising to deal with the contradictions of neoliberalism, creating a more 'homogeneous' dystopic narrative. This emerging discourse is constructed around new exclusions and simultaneously ring-fences and limits notions of 'rights'. It rests on the creation of new divisions and exclusions around citizenship. Apart from leaving three million EU citizens in limbo, viewing them as a mere negotiating card, it redefines who the state should 'look after'. It follows that this new discourse develops a new type of protective state. As it has been argued, 'the state that looks after people (its *own* people) is not quite the same as the state that *cares* for people, of the sort that was developed in Britain after World War Two. If May wanted to push care to the centre of her vision, this would mean a new politics of welfare, one which used fiscal policy to respond to basic social and physical needs. Needs are things we all have by virtue of our humanity, not our identity<sup>7</sup>. What we are ending with is a prejudicial state that will knit together the national, the economic and the cultural.

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<sup>6</sup> George Monbiot, 'The medieval, unaccountable Corporation of London is ripe for protest', *Guardian*, 31/10/11.

<sup>7</sup>Davies, W (2016) 'The Protective State', [http://www.perc.org.uk/project\\_posts/the-protective-state/](http://www.perc.org.uk/project_posts/the-protective-state/), accessed 18/10/16.

Within this new construction, the Tory government has to 'look after its people' by closing down democratic discussion and participation over the still unknown content of 'Brexit' (which means 'Brexit' in a tautological trope that shuts down discussion on concrete content). The debates around who can trigger Article 50 and the repeal of the European Communities Act 1972 before the UK has agreed the terms for its EU departure, reducing drastically the ability of the MPs to challenge the terms of Brexit, is the new battleground for the democratization of British society. These are the issues around which the future of UK democracy rests.