BUREAUCRATIC CAESARISM
A GRAMSCIAN OUTLOOK ON THE CRISIS OF EUROPE

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Abstract
In 2010, the Eurozone became the epicenter of the world crisis. The vulnerability of Europe appears to be linked to the specific institutional arrangement which organizes monetary, financial and budgetary policies within the Eurozone. This article tries to understand the evolution of the EU during a short but decisive historical sequence (2007-2012) in a theoretical framework that puts the Gramscian theory of crisis at its center. It addresses the current debate concerning the relationships between democratic politics and neoliberalism while focusing on how the radicalization and the politicization of the crisis put at stake the co-construction of capitalism and representative democracy in the Western world since WWII.
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“A Caesarist solution can exist even without a Caesar”
Antonio Gramsci

Introduction

The crisis that began in 2007-2008 with the fall of the subprimes market and the bankruptcy of Lehman brothers has now entered its fifth year. No ending is in sight. Some advanced capitalist economies experiment a fragile recovery, others plunge into a new recession, and global turbulences reach even the most dynamic of developing countries. By its depth and its length, this crisis reminds of the Great Depression of the 1920's and 1930's, the last of the “great crises” of capitalism of comparable magnitude. Among other similarities, these two crises have in common the fact of not being limited to the economic realm. They have affected all social spheres, including political institutions. The constitution of vast amounts of “sovereign debts” in countries of the centre of the world economy, the result of massive tax cuts of neoliberal inspiration, diminishing fiscal entries due to the recession, and bailouts of banks and other financial institutions by the state, is only one aspect of this ongoing transmission of the crisis from the economic to the political realm.
The Great Depression of the 1920's and 1930's has produced one of the greatest political works of the 20th century: Antonio Gramsci's *Prison Notebooks* (henceforth PN). Written between 1929 and 1935, the more than 2000 pages of the *Quaderni del carcere* bear the mark of the context of profound destabilization and reorganization of capitalism they were written in. Lineages of this crisis go back to the First World War, a defining experience for thinkers of his generation. Indeed, it can be argued that crisis is not a theme among others in the PN. It is the principal - or one of the principal - organizing concepts of the *Quaderni*, in the sense that it overdeterminates all other themes.

What makes Gramsci's take on the crisis of capitalism so fruitful today is the way he conceptualizes the link between economic and political crisis. No other thinker has done more to help us understand the way economic and political crisis are interwoven: how an economic crisis spills into the political (the state in particular), how a political crisis can have economic outcomes, and ultimately how crisis redefines the very realms of “the economic” and “the political”. In a sense, this is what Gramsci's concept of the state – the “integral state” (*lo stato integrale*) – is all about: the shifting boundaries between the state, civil society and the economy under conditions of crisis. What Gramsci calls “organic crisis”, “crisis of hegemony”, or “general crisis of the state” are inextricably economic and political forms of crisis. The PN might thus contain precisely the type of analytical framework required to interpret the crisis we find ourselves in.

The aim of our analysis is twofold. First, we will lay out in detail Gramsci's theory of crisis. Within the vast literature on Gramsci, there is astonishingly little on his approach to crisis, as there is little on his approach to economics in general ((Thomas and Krätke, 2011). Second, we aim at using Gramsci's insights to elaborate an original interpretation of the current crisis. As Fredric Jameson (Jameson, 1987) argues, theories are “cognitive maps”, that help us navigate in a complex and often contradictory reality. Crises are particularly complex environments, because common patterns tend
to break down during them. Serious cognitive mapping is consequently crucial in times of crisis. The Gramscian map is not the only one available to make sense of the present crisis, but as we hope to demonstrate, it is a particularly fertile one.

Our main focus will be the crisis of Europe. However, the latter takes place in the context of a more general crisis of capitalism. This general crisis is composed of three layers. First, this “great recession” (Reinhart and Rogoff, 2009) is the consequence of the crisis of liberalized finance, an historical configuration of capitalism which has fostered a pattern of finance-led growth in some countries during the 1990’s and 2000’s (Boyer, 2009), but at the cost of increasing global instability (Crotty, 2009) and global imbalances (Brender and Pisani, 2007).

Secondly, on a longer term perspective, the 2007-2008 burst should be replaced in the context of the “long downturn” (Brenner, 2004, 2009) of developed economies. Since the late sixties, the progressive industrial catching-up of European, Japanese, New Asian Industrialized Countries, China and, less spectacularly, other developing economies, has nurtured global excessive production capacities in core manufacturing sectors. These over-accumulation pressures, as well as a general - although heterogeneous - trend toward deindustrialization among developed economies (Montresor and Vittucci Marzetti, 2010), participate in a loss of momentum of capitalist dynamics in developed economies that a huge release of profitable assets through globalization and neoliberal policies (Harvey, 2005) has not been able to revive.

Alongside with these two layers of the current crisis, the course of the events in Europe since 2007 points towards a third dimension, which needs to be analyzed for itself. In 2010, the Eurozone became the epicenter of the world crisis while other regions managed - at least temporarily - to contain the depression. This vulnerability of Europe appears to be linked to the specific institutional arrangement which organizes monetary, financial and budgetary policies within the Eurozone. Indeed, European institutions proved unable to backstop the mounting uncertainties concerning the
sustainability of the public debt of its peripheral countries. As a result, the pressures from financial markets have increased and moved toward core countries of the EU, putting in question the very existence of the euro itself.

The originality of our perspective is that it tries to understand the evolution of the EU during this short but decisive historical sequence (2007-2012) in a theoretical framework that puts the Gramscian theory of crisis at its center. It addresses the current debate concerning the relationships between democratic politics and neoliberalism (Krippner, 2011; Streeck, 2011) while focusing on how the radicalization and the politicization of the crisis put at stake the co-construction of capitalism and representative democracy in the Western world since WWII. In particular, we will argue that the overall political dynamic within the EU since 2007 points to a retrenchment of democracy in front of the rise of an original feature of authoritarianism that we suggest to call, paraphrasing Gramsci, *bureaucratic Caesarism*.

1. GRAMSCI, THEORETICIAN OF CRISIS

There has been important neo-Gramscian theorizing in recent years in the field of international relations and, singularly, European studies (for a general presentation, see (Bieler, 2005)). Robert Cox (Cox, 1981, 1983) was the first to use the Gramscian concept of hegemony to make sense of the postwar, US-dominated, world order, and to elaborate a genealogy of geopolitical “hegemony” during the modern era. In 1984, Kees van der Pijl published his study of the “making of the Atlantic ruling class” (Pijl, 2012), in which he shows the interpenetration of US and European ruling classes during the 20th century. In the beginning of the 1990’s, Stephen Gill published an important article on the “political economy of European Union” (Gill, 1992), followed by an edited book on Gramsci and international relations (Gill, 1993). In the wake of van der Pijl’s work emerged the so-called
“Amsterdam school”, of which Henk Overbeek and Bastiaan van Apeldoorn are prominent members, who apply a Gramscian framework to different aspects of the European construction: governance, professional relations, finance... Adam Morton and Andreas Bieler (Bieler and Morton, 2001) have also followed this path.

This corpus emerged in the 1980's and 1990's during the era of neoliberal hegemony. Even when they show the incoherence or failures of the neoliberal project, which they often do, these theories bear the mark of its supremacy during this period, and of the defeat of rival paradigms. In sum, Gramscian perspectives have thus far presupposed hegemony, not crisis of hegemony. But the crisis we find ourselves in since 2007-2008 has radically changed the landscape, on both economic and political accounts. It entails a paradigm shift of profound theoretical scope, which requires a new interpretation of Gramsci, based on his core concept of “organic crisis”. Presenting this concept is the first task we turn to.

1.1. Organic crisis

Gramsci's approach to crisis is closely linked to his theory of hegemony. The type of crisis a society goes through depends on the form of power that prevails in it. In “Eastern” societies, a term Gramsci applies to latecomers in capitalist development - countries victim of “uneven and combined development” in Trotsky's sense (Selwyn, 2011) - the content of power is less hegemonic and more direct, that is based on pre-modern relations of domination and the use of force by a state that concentrates the greater part of power. This is not the case in “Western” advanced capitalist societies:
...where "civil society" has become a very complex structure and one which is resistant to the catastrophic "incursions" of the immediate economic element (crises, depressions, etc.). The superstructures of civil society are like the trench-systems of modern warfare. In war it would sometimes happen that a fierce artillery attack seemed to have destroyed the enemy's entire defensive system, whereas in fact it had only destroyed the outer perimeter; and at the moment of their advance and attack the assailants would find themselves confronted by a line of defence which was still effective. The same thing happens in politics, during the great economic crises. (Q 13, § 25, SPN, p. 235)

In advanced capitalism, economic crisis rarely have immediate political consequences. The rapid transmission of a crisis from the economic to the political is typical of “Eastern” societies. In their case, an economic crisis can have dramatic political consequences – for instance an institutional crisis or a regime change – within a short time. Gramsci calls “catastrophic” the type of crisis that take place in “Eastern” societies. In “Western” societies on the other hand, economic crisis are absorbed or softened by the “trench-system” of civil society and the state. This trench-system prevents the contagion of the crisis from the economic to the political realm, thus protecting the social order from significant perils. In “Western” societies, one finds between economic structures and political and cultural superstructures a set of mediations that constitute a “historical bloc”. In a situation of crisis, the function of the historical bloc is precisely to “bloc” economic turbulences from provoking a breakdown of the political system.

A “historical bloc” can be defined as the dialectical unity between structures and superstructures, in a nation-state, at a given moment of its development. In the historical bloc, “economico-social content and ethico-political form are concretely identified” (Q 10, § 13, SPN, p. 367). In other words, where a historical bloc is established, structures and superstructures combine and develop in
a coherent manner. The history of capitalism can be viewed as the history of the succession of historical blocs, and of more or less long and chaotic periods of transition between them.

A crisis tests the solidity of a historical bloc. Most of the time, the bloc resists. Some of its (minor) components may break off, the subaltern classes' consent may weaken, discord may appear among different sectors of the hegemonic classes, for instance between industrial and financial bourgeoisies, but normally the bloc holds on. A historical bloc that couldn't resist some amount of economic turbulence wouldn't qualify as one. It would qualify as a “morbid symptom”, in the sense described in this famous passage of PN 3: “The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.” (Q 3, § 34, SPN, p. 276). One way to look at these “morbid symptoms” is to see them as stillborn or degenerate historical blocs, that are unable to resist crisis. What a real historical bloc is supposed to do is put an end to crisis, and resist the (inevitable) turbulences that arise during the time of its hegemony.

But, at this point, crises that Gramsci calls “organic” occur. This happens when the economic crisis turns into a crisis of the historical bloc itself, and starts contaminating all social spheres: politics, culture, morality, sexuality... Gramsci also refers to organic crises as “crises of hegemony”, or “general crises of the state”, that is a crises of the “integral state”. The “integral state” is a crucial concept in the PN (Buci-Glucksmann, 1975); (Thomas, 2009). One definition Gramsci gives of this concept is the following: “State = political society + civil society, in other words hegemony protected by the armour of coercion” (Q 6, § 88, SPN, p. 263). “Political society” refers in this passage to the state as traditionally defined: administration, army, police, social services, courts of justice... “State” refers to the unique combination of “political society” and “civil society” at a given time in a given country, that is to the state in its “integral” sense. What these great, organic crises of capitalism undo is thus the “proper relation” between civil and political society that
prevailed in the preceding historical cycle. In this sense, they always imply a disaggregation of the historical bloc.

1.2. Disaggregating the historical bloc

What are the possible causes of such disaggregation? They are manifold. Gramsci's approach to crisis, contrary to the determinism and economism of many Marxist theories of crisis of his time, underscores the complexity of such phenomena. Nothing Gramsci has to say about crises is ever monocausal or unilinear. Here are two possible causes of organic crises:

In every country the process is different, although the content is the same. And the content is the crisis of the ruling class's hegemony, which occurs either because the ruling class has failed in some major political undertaking for which it has requested, or forcibly extracted, the consent of the broad masses (war, for example), or because huge masses (especially of peasants and petit-bourgeois intellectuals) have passed suddenly from a state of political passivity to a certain activity, and put forward demands which taken together, albeit not organically formulated, add up to a revolution. A "crisis of authority" is spoken of : this is precisely the crisis of hegemony, or general crisis of the State. (Q 13, § 23, SPN, p. 210).

The first possible cause of an organic crisis is located in the dominant classes. It occurs when a “major political undertaking”, for which these had obtained or extracted by force the consent of the subaltern classes, fails. A “major political undertaking” is a project of general reorganization of society on the long run, imposed by the dominant classes. A case of such political undertaking, to which Gramsci pays much attention in the PN, is the emergence of Fordism in the US and in
Europe. Today, neoliberalism is a political undertaking of this kind. A second cause of disaggregation of a historical bloc is when the bloc starts melting “from below”, that is when the subaltern classes who more or less willingly acquiesced to hegemony, cease doing so, and start mobilizing. The first and second causes can of course combine in the downfall of a historical bloc.

On the basis of this dialectic of hegemony and crisis of hegemony, Gramsci further elaborates his conception of crisis. The question of the temporality of crisis is essential. Organic crisis are crisis of longue durée, sometimes decades. More precisely, they are spatio-temporally complex phenomena, where different spatial and temporal scales intersect, and enter in conflict. The entire “postwar” - our interwar - can be considered as a crisis, says Gramsci. The history of capitalism as a whole could also be viewed as a “continuous crisis”:

The “crisis” is nothing other then the quantitative intensification of certain elements, neither new nor original, but especially the intensification of certain phenomena, while others have been inoperative or have all together disappeared. (...) In sum, the development of capitalism has been a “continuous crisis”, i.e. a very rapid movement of elements which balance and check each other out. (Q 15, § 5, SPN, p. 428).

Capitalism continually engenders antagonistic forces, that confront, neutralize, or transcend one another. Crisis, in this sense, is capitalism at its “cruising speed”, it is a normal feature of capitalist development. A crisis in the strict sense consists in the exacerbation of this normal process. In times of crisis, as Gramsci points out, quantity becomes quality. It doesn't necessarily imply the appearance of new elements in the system, but it implies that the system is no longer able to manage the contradictions that underlie it.
The central theoretical argument put forward by Gramsci is that a crisis should not be thought of as an “event”, but as a “development”. After all, October 1929 is only a date in a longer unfolding, and the same could be said of the fall of Lehman brothers in September 2008. Even when the crisis begins with the collapse of a financial market, the period that precedes and the one that follows are integral parts of its development, and analytically more important than the downfall that triggered the crisis. This approach to crises as “development” supposes that crisis are always political battlefields, and that the outcome of a crisis is never determined in advance. This idea is testimony to Gramsci’s anti-determinism. According to him, crises are moments in the life of societies when determinisms of all sorts (economic, cultural, institutional) weaken, and of resurgence of contingency and political possibility. This is what Gramsci calls the “terrain of the conjunctural”, that he distinguishes from the “organic”. An organic crisis, as its name indicates, weakens the latter in favour of the former.

Capitalism allows and even requires social mobility. The bourgeoisie of course always remains a minority, capitalism implying by definition the monopolizing of wealth and power by a few. But it is nonetheless an “attractive” class, not only in terms of social mobility, but also of lifestyle, values and artistic tastes, that other classes seek to imitate. Organic crisis disrupts this perpetual enlargement of the bourgeoisie. The dominant class is “saturated”, in the words of Gramsci (Q 8, § 2, p. 260), it even endures a process of involution and fragmentation. It ceases to be attractive from a cultural point of view, and loses the financial means to integrate new groups, or maintain the existing coalition. The problem is that without the promise of social mobility, capitalist exploitation reveals itself in its naked brutality and absurdity, leading to a crisis of consent among the subalterns. Moreover, as Marxists and classical political economists alike have recognized, capitalism is by essence a dynamic system, that cannot outlive a permanent “stationary state” (Balakrishnan, 2009).
This absence of dynamism is one of the most dangerous aspects of organic crisis for the survival of capitalism.

1.3. Organic intellectuals and the crisis

The cultural dimension within this process of dislocation of the historical bloc is a key aspect of Gramsci's theory of crisis. Hegemony, as is well known, comprises a cultural component, the notion of “cultural front” being explicitly used in the PN to refer to this hitherto relatively neglected aspect of class struggle in Marxist theory. We will limit ourselves to one aspect of this cultural dimension of crisis present in Gramsci’s theory of crisis. It concerns the intellectuals, the “organic” intellectuals, as he famously calls them. Gramsci has a wide definition of intellectuals. To him, military officers, judges, policemen, priests, statesmen, etc., are all intellectuals, as much as a “great” public philosopher or writer. The function of organic intellectuals in normal times is to guarantee:

I. The "spontaneous" consent given by the great masses of the population to the general direction imposed on social life by the dominant fundamental group; this consent is "historically" caused by the prestige (and consequent confidence) which the dominant group enjoys because of its position and function in the world of production.

2. The apparatus of state coercive power which "legally" enforces discipline on those groups who do not "consent" either actively or passively. This apparatus is, however, constituted for the whole of society in anticipation of moments of crisis of command and direction when spontaneous consent has failed. (Q 12, § 1, SPN, p. 12).
An organic crisis puts organic intellectuals in crisis. In normal times, intellectuals are the agents of the “universalization” of the interests of the dominant classes. They obtain the consent of subaltern classes by a process Gramsci calls “catharsis”, i.e. the purification by the hegemonic classes of their narrow corporatist interests, and the taking of the whole social body, including the subaltern groups, to a higher “civilizational” level (Q 10II, § 6, SPN, p. 366). In times of crisis, this cathartic mechanism completed by intellectuals no longer functions. The first of the tasks of intellectuals referred to by Gramsci in this passage, the “hegemonic” component of power, thus becomes more and more difficult to implement. The hegemonic classes relapse on their purely corporatist interest, and their hegemony starts eroding.

A parallel problem arises concerning both of these tasks: a crisis in the formation of organic intellectuals. The contamination of all social spheres by the organic crisis includes the contamination of the educational apparatus: schools, universities, and other institutions of formation, general or technical. This implies that the intellectual personnel required to accomplish the two tasks of domination are less and less available, or receive a training no longer adapted to the challenges of the conjuncture. As we will see in the third part of this article, this is a decisive aspect of the current crisis of Europe.

1.4. Caesarism as a response to the crisis

According to Gramsci, during organic crises, institutions that are independent of the fluctuations of public opinion tend to reinforce themselves. Those that are directly subject to these fluctuations tend to the contrary to be overshadowed. Organic crises thus “[reinforce] the relative power of the bureaucracy (civil and military), of high finance, of the Church, and generally of all bodies relatively independent of the fluctuations of public opinion.” (Q 13, § 23, SPN, p. 210). In normal
times, the system allows the more democratic institutions to run current affairs. But this risk can no longer be taken in a context of crisis. The reason for this is that during crises, public opinion fluctuates considerably and brutally, threatening to destabilize the social order. Furthermore, it tends to be receptive to the more radical solutions to the crisis, that is to the revolutionary ones.

Hegemony according to Gramsci consists in a complex dialectic between “force” and “consent”, the “Machiavellian Centaur”, in Gramsci’s famous phrase in PN 13. In times of crisis, force tends to come to the fore, a process that can lead to the emergence of a “dictatorship without hegemony” (Q 15, § 59, SPN, p. 106). Such dictatorship is not necessarily military, even if it has mostly been military in the 19th century. It can be led by any of the above quoted non-democratic institutions, for example civil bureaucracy of high finance. It can also be led by a political coalition, by “functionaries” (Gramsci’s term) of parliamentary parties and economic organizations.

The reinforcement of non-democratic institutions in times of crisis leads to a crucial problematic of the PN: Caesarism. This problematic should be linked to the very rich theories of “Bonapartism” in the Marxist tradition (Artous, 1998). Max Weber uses the notion of “Caesarism” as well, especially in a 1917 article called “Parliament and Government in a Reconstructed Germany” (Weber et al., 1994), see also (Baehr, 2004). Weber applied the term to the historical figure of German chancellor Bismarck. “Caesarism” is also present in Oswald Spengler's *The Decline of the West* (Spengler, 1991).

Here is Gramsci’s definition of “Caesarism”:

Caesarism can be said to express a situation in which the forces in conflict balance each other in a catastrophic manner; that is to say, they balance each other in such a way that a continuation of the conflict can only terminate in their reciprocal destruction. When the progressive force A struggles with the reactionary force B, not only may A defeat B or B defeat
A, but it may happen that neither A nor B defeats the other - that they bleed each other mutually and then a third force C intervenes from outside, subjugating what is left of both A and B. (Q 13, § 27, SPN, p. 219).

A crisis often leads to a “catastrophic equilibrium of forces”. None of the two principal existing social forces is able to prevail, and the pursuit of the struggle between them threatens to lead to their mutual destruction. In such cases, a third force can appear, and win the day. This third force will tend to intervene from outside of the battlefield, that is to present itself as being “above” the partisan divisions of the first two. This is the reason why it often originates in the non-democratic institutions we have just mentioned: army, finance, church, justice, bureaucracies... Caesarism as defined by Gramsci clearly has a “charismatic” dimension, in Max Weber's sense (“charismatic domination”). In the 1920's and 1930's, Gramsci could observe many examples of charismatic “Caesars”. Nonetheless, he makes clear that in the absence of a “personal” Caesar or Bonaparte, an organization – state bureaucracy, a private organization, or a parliamentary coalition - can “become Bonaparte”. Thus, “A Caesarist solution can exist even without a Caesar, without any great, "heroic" and representative personality.” (Q 13, § 133, SPN, p. 220). In post-Risorgimento Italy, state bureaucracy was for instance the only guarantor of national unity, the only force that could transcend the political and regional fragmentation of the country. Caesarisms, moreover, can be progressive or regressive. The Great Depression led to a form of regressive Caesarism, fascism, and to a form of progressive Caesarism, Roosevelt's New Deal. As the European crisis develops, these two options are undoubtedly also on the table today. It is to be noted that Caesarism is part of a more general phenomenon : passive revolutions (Morton, 2010). These are described by Gramsci as “revolutions without revolution”, or “revolutions-restorations”. They can be regarded as the
response of a historical bloc to a situation of crisis. From this perspective, Gramsci's theory of passive revolutions is part of his theory of crisis.

2. EUROPEAN POLITICS RACING AFTER THE CRISIS

After having presented Gramsci's theory of capitalist crisis, we now turn to the analysis of the present crisis. The aim of this section is to track the progressive displacement of the financial and economic disruptions resulting from the crisis toward the political sphere. It is, in other words, to understand the transformation of the economic crisis into an “organic “crisis. To do so, we will propose a periodization of the short historical sequence which began in August 2007, and developed until early 2012, and summarize the significant institutional disjunctions that occurred. Our goal is to identify deep historical mechanisms by way of analysing this conjuncture, thus approaching the latter as “symptomatic” of these mechanisms. The periodization we propose is based on the observation of a very close relation between financial markets movements and the transformation of the European political agenda divided in four phases from August 2007 to early 2012 (Table 1).
Table 1: The four phases of the European crisis

<table>
<thead>
<tr>
<th>characteristics</th>
<th>period</th>
<th>inaugurating event</th>
<th>financial indicators</th>
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<td>PHASE 1 Latent banking crisis</td>
<td>August 2007 - August 2007</td>
<td>BNP fund shut down</td>
<td>Above normal TED Spreads</td>
<td>Acceleration of ECB liquidity provision</td>
</tr>
<tr>
<td>Banking crisis and recession</td>
<td>September 2008 - November 2009</td>
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<td>Surge of TED Spreads and slow decline</td>
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<td>PHASE 2 Sovereign debt crisis and peripheral depression</td>
<td>December 2009 - June 2011</td>
<td>Fitch cut rating on Greek debt to BBB-</td>
<td>Rise of peripheral Gvt bonds spreads</td>
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<td>PHASE 3 Sovereign debts crisis, banking crisis, EU wide recession and peripheral depression, European institutional crisis; National political meltdown (Italy, Greece)</td>
<td>From July 2011</td>
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<td>Rise of peripheral and some core-countries Gvt bonds spreads ; new rise of TED Spreads</td>
<td>New Bail out Strict economic supervision of peripheral countries LTRO by ECB New treaty</td>
</tr>
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Figure 1: Government bonds and TED spreads

On August 9 2007, BNP Paribas, France's biggest bank, halted withdrawals from three investment funds because it couldn't “fairly” value their holdings. That was the first spectacular indication that something seriously wrong was going on in global financial markets. Since early August 2007, signs of turmoil on US mortgage markets spread tensions across the global banking system, which led to an increase of short-term interbank lending rates, including among Eurozone banks (TED spread on graph 1). This first phase of the crisis, until August 2008, was thus characterized by a general liquidity strain. In Europe, it was handled by the ECB, which has provided important amounts of liquidity to distressed banks, but without the need to reform significantly their procedures. However, at this moment, the inconsistency of the general European financial infrastructure was already a matter of concern (Pisani-Ferry and Sapir, 2010).

One of the achievements of the institutionalization of the single market and the European Monetary Union (EMU) is European financial integration, with the rise of banking groups with significant cross-border activity. However, banking supervision still mostly relies on national bodies. Moreover, when solvency problems arose during the crisis, national treasuries were the sole official bodies in line, since there is no euro area pool of resources available for such a purpose.

Decentralization and cooperation were the key principles of the EU financial architecture, in the hope that coordination between the various national bodies concerned would be able to tackle the problems if they arose. As it has been previously experimented in other fields, “EU strategy had been to put market integration first and to build policy integration only as a response to market integration.” (Pisani-Ferry and Sapir, 2010). These serious flaws were discussed in the October 2007 and June 2008 Economic and Financial Affairs Councils (ECOFIN), but with very little achievement, the emphasis being put on the importance to improve the cross-border exchange of
information. Huge uncertainties remained concerning how a major transnational banking accident shall be managed. Nevertheless, during this first phase of the crisis, banking problems were limited to less important institutions. National states were involved in several operations of rescue of some national bank, the most spectacular cases being Northern Rock in the UK, which was nationalized on 22 February 2008, and IKB in Germany.

2.2. Unexpected storm, swift intervention (September 2008- November 2009)

On September 15, 2008, the bankruptcy of Lehman Brothers, the fourth largest investment bank in the USA, put the world financial system on the edge of collapse. TED spreads jumped spectacularly and didn’t slacken to their pre-September level before February 2009 (graph 1). The huge credit crunch and destruction of financial value then precipitated the world economy in its first recession since WWII.

Facing such vital challenges, authorities had no room for shilly-shallying. Coordination occurred at the international level through G20 meetings and cooperation between main central banks. In this phase, the adjustment of budgetary policies by national governments was not an important issue at the EU level; the 3% limit for public deficit was temporary relieved, as it was considered that a temporary countercyclical reaction was needed.

The actions implemented are revealing of what the strong institutional bodies are: the ECB, national governments and the Directorate-General for Competition. At the forefront, stands the ECB. On September 4, just a few days before Lehman collapsed, the ECB announced its intention to increase the cost of using asset-backed securities to obtain ECB funds and some structured products, which are not denominated in euros. Indeed, evidence emerged that it was increasingly accepting toxic products in exchange of fresh euros”. However, the events forced the institution to move swiftly in
the opposite direction and to accept even more doubtful assets. In early October, it changed its procedure for refinancing operations and expanded the list of assets eligible as collateral.

Almost simultaneously, in the Paris Declaration adopted by the European Council meeting of 15–16 October, governments committed to recapitalize banking institutions and to bring public guarantees for bank borrowing. The total of all effectively used measures between October 2008 and June 2009 amounted to nearly 12% of GDP for the entire EU [EC, 2009c]. The European commission's Directorate-General for Competition Policy was forced to make its enforcement practices on the control of state aid more flexible, but tried to preserve liberal market principles while attempting to maintain a level playing field between banks in different member states (European Commission, 2009a, 2009b; Veron, 2011). However, the lack of powerful enough banking supervision at the EU level meant that information is likely to have been used strategically by national governments to support their own national banks (Pisani-Ferry and Sapir, 2010).

Extraordinary banking policies were successful to the extent that, in spite of serious national banking crisis such as in Ireland, the UK, Belgium and the Netherlands (Fortis), there has not been an EU banking crisis until then. These measures have taken place without any substantial public or parliamentary debates; discussions have focused mainly on technical issues, involving only government officials, the commission and bank insiders (Weber and Schmitz, 2011). In contrast, the lack of initiative for the social and employment crisis is striking. The “major Recovery Plan for growth and jobs, to boost demand and restore confidence in the European economy” launched by the commission on 26 November 2008 stayed almost unnoticed, and the cancellation of the participation of the heads of state and government to the EU Jobs summit in Praha on May 7, 2009 left “the impression that unemployment is a lower-order issue”\textsuperscript{vi}. 

\textsuperscript{vi}
2.3. Peripheral sovereign debt crisis and the turn toward austerity (December 2009 - June 2011)

On October 16 2009, newly elected Greek Prime Minister Georges Papandreou revised official debt figures, doubling to 12% the previous government’s estimate. On December 8 2009, Fitch cut ratings on Greek debt to BBB + with a negative outlook. A spiraling process of rising interest rates, endless succession of austerity packages and economic depression is engaged. For the Eurozone, this is the first indication of a U-turn from short-lived countercyclical expansionary policies to austerity (Boyer, 2012).

In this third phase of the crisis, the Eurozone became the epicenter of the global crisis with mounting doubts about its political credibility. Why this European specificity? Even before the 2007-2008 crisis, the Eurozone was not in a good shape. It had been the worst performing region in the world during the decade in terms of growth, and the governance of the Euro had attracted harsh criticism because of persistent high level of unemployment and growing inequalities (Aglietta and Berrebi, 2007; Bibow, 2009). Technically, the launch of the Euro was a success, but with persistently diverging inflation rates the “one size fits all” monetary policy, a set of policies promoting cuts of unit labor costs in Germany and the elimination of the exchange rate risk, growing trade imbalances within the Eurozone and a surge in general (public and private) external debt of deficit countries occurred (Saglio and Mazier, 2004; Lapavitsas et al., 2010; Koo, 2011; Stockhammer, 2011; Laski and Podkaminer, 2012).

The EU’s attempt to generate “world money” was from the beginning fundamentally flawed (Lapavitsas, 2012). The EMU architecture was built on the assumption that the private market economy is spontaneously stable (Brender and Pisani, 2007; Duménil and Levy, 2011). The emphasis was almost exclusively put on budget discipline, and no mechanism was planned to deal with the possibility that a member state may be pushed into a liquidity or solvency crisis by external
economic disorders. Moreover, contrasting with the situation in the USA, the UK or in Japan, the absence of coincidence between state sovereignty and money management has led to the absence of an explicit central bank guarantee on public debts, which let open the possibility of speculative attacks on sovereign bonds.

The philosophy of the treaties forbids other countries from assuming liability for the debts and commitments of fellow-members. However, because of the immediate destabilizing effect that a disordered default by any member state would trigger, the philosophy had to change. On May 2 2010, the first Greek bailout was agreed on the basis of bilateral and IMF loans at punitive rates. During the following week, the spreads of Ireland and Portugal bonds surged. The assertion that Greece was a special case was no more credible. On May 9 2010, EU governments were forced to announce the creation of a permanent mechanism to deal with the possibility of other sovereign crises within the Eurozone: the European Financial Stability Facility (EFSF). A revision of the stability pacts was also announced. This move by the European council was followed by the decision of the ECB to buy Greek bonds on the secondary markets, inaugurating a new buying policy of government bonds – the Securities Market Program. This major shift of the ECB policy has encountered a strong opposition, as some considered that there was a risk of ruining the bank’s credibility and that it was contrary to the spirit of the EMU, i.e. the independence of the central bank vis-à-vis the governments and the rejection of implicit transfers to some members of the union.

The first round of institutional remodeling in response to the sovereign debt crisis revealed that the social force at the forefront of the political agenda is financial capital. The case of Klaus Regling, the CEO of the EFSF, is telling. Klaus Regling was an official at the IMF, the German financial Ministry and the European Commission, but also has a career in the financial private sector: he worked as an economist for the German Bankers’ Association in the early eighties, he was the
Managing Director of a hedge fund, the Moore Capital Strategy Group in London (1999-2001), and before being appointed at the EFSF, he was chairman of KR Economics, an economic and financial consultancy in Brussels. The building process of a European supervisory financial architecture is also eloquent. The chairman of the high-level working group responsible for this new organization was Jacques de Larosière, an ex-IMF general director and high official of French Treasury, who is also an advisor of BNP Paribas CEO, Michel Pебereau. Four of the eight members of the group are closely linked to giant financial corporations (Goldman Sachs, BNP, Lehman Brothers and Citigroup) and all of them have a background linked to financial liberalization policies (Haar et al., 2009).

Beyond this finance-led reorganization of the financial architecture of Europe and ECB intervention in the sovereign bond crisis, the general turn toward austerity is related to the very founding principles of the EMU. With the Euro, the possibility to deal with structural losses of competitiveness with devaluation has disappeared.

Austerity measures are a form of socialization of the promises accumulated in an unsustainable bladder of public and private debt and, in the meantime, open the door for the buying up of profitable assets at deflated prices following a logic of accumulation by dispossession (Harvey, 2005; Glassman, 2006). This agenda has been mainly pushed by finance capital with a more discreet support from other business sectorsxix. On the side of trade unions, contrastingly, there has been mounting frustration expressed angrily in a letter from European Trade Unions Confederation (ETUC) general secretary in January 2011: “Diktats are being issued which are designed to lower living standards [...] the ETUC will find it impossible to support action by the EU along these lines, or proposals on economic governance, and any new treaty which contains them, which resemble in some aspects the reparation (punishment) provisions of the Treaty of Versailles, and reduce member states to quasi colonial status.”xx
2.4. Siphon, boomerang and spiraling political effects (from July 2011 to March 2012)

The fourth phase of the crisis is characterized by: 1/ an intensification of the peripheral sovereign debt crisis and its latent extension towards bigger European economies, 2/ a revival of the banking crisis because of a boomerang effect of the degradation of public bonds on their balance sheet, and 3/ a degradation of the overall economic situation with a deepening of the depression in some peripheral economies, and the prospect of a second recession for Europe as a whole as a consequence of the generalization of austerity. In addition, there is a clear upgrading of the crisis from the economic and financial sphere towards politics, both at the level of individual countries and for the EU as a whole.

This phase began with an implicit acknowledgement that the policy implemented so far had failed to contain the sovereign debt crisis and to resolve the solvency problems of Greece. The July 2011 Euro Summit had to agree, together with the IMF, to support a second program for Greece accepting to lower the interest rates and an extension of maturities of the first plan. In addition, a major taboo was broken with the agreement on the principle of a Private Sector Involvement (PSI), while a more flexible approach of the EFSF was intended to reduce the pressure on the ECB. Three months later, on the eve of November 3 and 4 2011 G20 summit in Cannes, a new emergency Euro summit was called. The new set of measures was first of all dedicated to the resolution of the Greek crisis with a new expansion of the bailout package and an increase of the private sector involvement, which details were disclosed on March 9 2012.

In between, the situation significantly deteriorated. Tim Geithner, the US Secretary of the Treasury, felt necessary to warn European leaders of “catastrophic Risk” and the European Round Table
made its first public statement about the Euro crisis, urging “coordinated actions to reinforce EMU”\textsuperscript{xiii}. Even worse, clear signs of contagion appeared: rising spreads for Italian bonds and, to a lesser extent, Spanish bonds forced the ECB to intensify its Securities Market Program with huge buying of these bonds in order to prevent these countries from becoming insolvent because of skyrocketing interest rates\textsuperscript{xiv}. Indications of a degradation of funding conditions also spread to other countries, including France, which finally saw its credit rating downgraded in early 2012.

During this period, the direct role played by the Institute of International Finance (IIF)\textsuperscript{xv} has been spectacular. Its representatives had not only access to the highest governments and EU officials, but some media reported their involvement in the negotiations up until the last minute in the October Eurozone summit\textsuperscript{xvi}. One concrete example was the ability of this lobby to push the PSI scheme at the expense of an alternative proposal of a tax on the banking sector\textsuperscript{xvii}.

Moreover, the Troïka grip on Greek budgetary policy goes one step further with the setting-up by the Commission of a Task Force, which will bring “close and continuous” technical assistance to the Greek authorities in order to ensure the implementation of the reform.

Unable to raise more fresh money, the EU governments also announced a leveraging of the resources of the EFSF in an attempt to build up a firewall against further extension of speculative attacks, introducing the risk of potentially highly destabilizing effects of the complex securitization mechanisms\textsuperscript{xviii}. The possibility that big emerging economies could contribute to the fund was also mentioned. This proposal was politely rejected by the Brazilians, who explained that they prefer to intervene through the IMF. It has also received a less diplomatic response by Jin Liqun, the CEO of China Investment Corporation. Stating that “the labour laws induce sloth and indolence rather than hard work”\textsuperscript{xxix}, he didn’t consider investing in the fund to be profitable.
The summit also agreed on measures concerning the banking sector, in particular an increase in the capital position of banks of Core Tier 1 by the end of June 2012, which necessitates that banks have access to capitals. Banks were asked to use first private sources of capital, but the provision of public funding was considered in particular in distressed economies such as Portugal and Greece. Finally, the summit had made “An unequivocal commitment to ensure fiscal discipline and accelerate structural reforms”. It promised “A significant strengthening of economic and fiscal coordination and surveillance”, and for the first time since the beginning of the crisis officially mentioned “the possibility of limited Treaty changes” in order to strengthen the economic union.

The announcement by Greek prime Minister Georges Papandreou on his way back to Athens that a referendum would be held about the new deal concluded cast a doubt on the viability of the whole agreement, reanimating market turmoils and infuriating governments and EU officials on the eve of the G20 summit. The move by Papandreou was an attempt to regain some political room for maneuver in a context where street protests, strikes and civil disobedience dramatically intensified (Kouvelakis, 2011). It exposed abruptly to European public opinions how much European officials were afraid of democratic consultations. For the first time a European Head of State talked openly about the possibility of Greek departure from the euro: “The Greeks have to decide whether to continue the adventure with us or not” warned then French president Nicolas Sarkozy. Papandreou's forced resignation finally led to the nomination of a so-called “Unity Government” led by Lucas Papademos, a former central Banker in Athens and at the ECB in Francfort up to 2010.

A few days later, Silvio Berlusconi was sacked out of power by a joint pressure of financial markets, great European fellow members and EU officials. On August 5, Jean-Claude Trichet, the chief governor of the ECB, and Mario Draghi, its successor, dictated in a letter a detailed economic policy agenda to Italy. However, as later in the month ECB's action had temporary eased the pressure from financial markets, Italian prime minister decided to backtrack on his emergency
austerity budget and to scrap a tax on the wealthy. This move led to his political marginalization in Europe, a mounting pressure from European institutions which materialized in a letter of humiliating demands by European Commissioner Olli Rehn, and eventually forced him to step down when the financial markets struck back in early November, leading to Mario Monti’s nomination as the chief of a so-called “technical government”, which comprised no politician at all.

Monti’s is in line with Papademos, Draghi, de Larosière and Regling’s profiles: he has been a EU commissioner in charge of the competition policy but has also strong connections with the corporate sector. He was the President of the European Money and Finance Forum, from 1982 to 1985. This is a think tank which gathers financial practitioners from major banking institutions, central bankers and academics. He has also been an international advisor for Goldman Sachs and the Coca Cola Company. Up to his nomination as Prime Minister, he was the chairman of the Trilateral Commission, a major international think tank.

3. LINEAGES OF THE EUROPEAN CRISIS

In an insightful metaphor, Sigmund Freud explains that mental illness reveals the internal mental structure of the subject: “If we throw a crystal to the floor, it breaks; but not into haphazard pieces. It comes apart along its lines of cleavage into fragments whose boundaries, though they were invisible, were predetermined by the crystal's structure” (Freud, 2001). For the social scientist, economic crises operate in the same manner, revealing subjacent features that would otherwise be inaccessible to knowledge. The brief historical sequence of the European crisis that we have summarized reveals not only deep structural weaknesses of the EU institutional architecture, but
also a singular political dynamic that should be analysed with the help of the Gramscian theory of crisis.

To qualify as organic, a crisis should manifest several of the characteristics we pointed at in the first section. Moreover, these characteristics should have a systemic dimension, in the sense of being closely interlinked, or converging into a coherent trend. Our hypothesis is that such a trend can clearly be identified today, and that viewing the crisis as “organic” helps throw an interesting light on ongoing complex and heterogeneous processes.

Three interrelated dimensions are particularly salient: 1/ the proto historical bloc which was built at the European level during the past decades is rapidly shrinking in the course of the crisis; 2/ facing an unexpected ideological deadlock, the lack of organic intellectuals related to this historical bloc means that the definition of a consistent set of alternative policies to neoliberalism at the EU level fails to appear; 3/ this inability to renew the political and ideological basis of consent in a context of growing material dissatisfaction in large parts of the EU and deteriorating governability of national state apparatuses lead to a clear retreat of democratic institutions. The rise of a bureaucratic Caesarism seems to be the sole strategy for the ruling classes to maintain their dominant positions thanks to a reordering of EU institutions.

3.1. A weak and shrinking historical bloc

The lack of an endogenous dynamics is an original sin of the European integration process. In the context of the Cold war, its first steps were strongly encouraged by the US leadership and involved only a very small layer of the European elites (van der Pijl, 1984). In the eighties, the driving force behind the “rebound” of the European project were transnational corporations. In particular, the action of the European Business Roundtable in favour of the single market was decisive. The EMU
was also partly imposed by geopolitical considerations resulting from the fall of the Soviet Union and the subsequent reunification of Germany. Clearly, it would be an exaggeration to say that the European project has been built from the outside. But one should acknowledge a lack of endogeneity of the integration process. In September 2011 and then during the Cannes G20, the insistence of foreign powers, above all the US, on the need for European government – especially Germany – to act more decisively, was a reminder of this lack of internal leadership. This striking feature was already clear with the permanent involvement of the IMF in shaping responses to global turmoil among the weakest EU members, from the start of the crisis.

This weak endogeneity explains the absence of a true historical bloc at the European level. It is also characterized by a failure to firmly establish the legitimacy of the European statehood. Drawing on Jacques Sapir’s distinction between procedural and substantial regimes of legitimacy (Sapir, 2002), one can stress the lack of EU institutions both because, on one hand, of the democratic deficit and, on the other hand, the repeated incapacity of the European integration to deliver its promises in terms of growth and employment. In sum, the EU has failed to identify concretely, to recall Gramsci’s terms, the “economico-social” content and the “ethico-political” form, that is to construct a consistent historical bloc. In other words, it can be viewed as a “morbid phenomenon”. This pseudo-historical bloc has been built with a strong bias towards the requirement of capital in its purest and least territorialized form – finance capital. Accordingly, it suffers from a spatio-temporal incoherence, due to its lack of policy integration. This is particularly clear when considering the regulation of banking activities, but also the narrowness of the EU budget and the lack of direct fiscal resources. In addition, there is a mismatch between, on one side, a unique monetary policy based on a common currency, and on the other, diverging macroeconomic national or regional trends.
The subaltern classes have been almost completely excluded from the European integration process. Since the late 1990’s, at a time when Pierre Bourdieu (1999) was pleading in favor of a European social movement, several grassroots organizations and radical currents have tried to build up European resistances from below, on issues such as unemployment, racism or ecology. In the wake of the anti-globalization movement, several social forums have also been organized on the continent. However, if all of these movements have at one moment or the other managed to influence national political agendas, they never found a way to make a breakthrough at the European level. The European Trade Unions Confederation (ETUC) has received official attention, but few would deny its difficulty to influence the European project, beyond mostly symbolic victories such as the “social rights charter”. Broadly speaking, integration of the subalterns has never really gone beyond the integration of the leaderships of main trade unions, of formal negotiations, and of collaboration with NGOs depending on European funding.

This narrowness of the social basis of the European historical bloc and its lack of socio-political substance has been exacerbated in the course of the crisis. Most of the political agenda of EU institutions since the crisis has been oriented toward financial stability. In spite of a deepening dramatic degradation of social conditions, the problems addressed by EU officials and inter-governmental bodies were mainly financial. The last (fourth) temporal sequence examined in this article is revealing on this account. In response to the rapid intensification of the sovereign debt crisis, and mounting tensions in the banking sector in the second half of 2011, the responses have been, on one hand, a hardening of austerity measures and, on the other hand, the restructuring of the Greek debt in an attempt to stop contagion, and a huge pouring of liquidity by the ECB to the banking sector, with more than 1 trillion euros of 3 years loans at the incredibly cheap rate of 1%. The immediate beneficiaries of this measure are the banking institutions and the financial system, even if indirectly it has released the pressure over sovereign debt markets. The restructuring of the
Greek debt was also highly favourable to private creditors, leaving the official creditors with about 75% of the remaining Greek bonds with prospects of new losses down the road. In contrast to this prominent role of finance, there was for the first time a formal dissociation of the ETUC from an important step of the European integration, with its rejection of the so-called “fiscal compact” of March 2012 and a call for a European day of action. More importantly, in countries impacted by radical austerity and structural reforms, there was a wave of mass mobilizations through strikes and citizen demonstration (the so-called indignados) not seen since decades. Not surprisingly, Greece which has been hit the worst by the crisis and austerity measures is the country where popular mobilizations have been the strongest with 17 calls to inter-professional strikes between late 2009 and early 2012, numerous violent confrontations with the police and widespread disobedience by civil agents.

3.2. An ideological deadlock exacerbated by the lack of organic intellectuals

A key aspect of this disaggregation of the European unachieved historical bloc is ideological. Two striking features should be noted concerning the relationship between neoliberalism and the crisis. The first is the empirically proven incapacity of neoliberal policies, especially in “southern” countries, to offer any lasting solution to the crisis. Adding austerity to austerity has only led to recession, as economists and commentators of various political persuasion have observed. The second feature is the absence of any consistent alternative to neoliberalism, despite the growing consciousness of its failure among leaders and peoples. Neoliberalism is thus simultaneously the main cause and the unsuccessful solution to the crisis.
As we have shown, a “Keynesian” parenthesis opened in 2009, as national governments saved their banks from bankruptcy by lending them vast amounts of money, thus attempting to relaunch investment. But the parenthesis didn’t last, as neoliberal routines rapidly returned. How should this absence of any alternative to neoliberalism be explained? The ideological deadlock in which the European dominant classes find themselves is one of the most difficult aspects of the crisis to explain.

The European crisis has revealed the crisis of European organic intellectuals, in the sense outlined in the first section. This crisis is twofold. On the one hand, intellectuals - in the broad Gramscian sense, i.e. not only economists, but also politicians, journalists, experts... - have been trained for almost forty years in the neoliberal arts of government, with very little, if at all, reference to other theoretical perspectives. This all-powerful “neoliberal mind” has had a profound impact on the cognitive categories used by the European elite to govern, whose results we are witnessing today. Thus, the absence of alternatives to neoliberalism is a reflection of the lack of alternatives to it in higher education curricula, in economics, integration studies, etc. One strength of the Gramscian approach is to help us take ideological and educational - cultural, in a word - questions seriously, and put them in relation with economic and social matters.

The very idea of “European organic intellectuals” is highly problematic. In fact, there hasn't existed a genuine class of intellectuals organically tied to the European project. The reason for this is that organic intellectuals are always, according to Gramsci, organic intellectuals of a (dominant or rising) social class, yet it is doubtful that such a class exists at the European level. Moreover, it is also symptomatic that the number of civil servants working for the EU commission is ridiculously small (about 34'000, i.e. less than 0.1 % of the total number of civil servants within the EU). The situation is in fact close to what Gramsci has to say about the lack of genuinely Italian intellectuals in and after the Risorgimento, in other words of intellectuals with “national-popular” dispositions.
tied to the rising Italian nation-state, and keen to promote the Italian national project. Most Italian intellectuals were at the time either “cosmopolitan” (e.g. Benedetto Croce), or linked to particular regions of Italy (e.g. the Southern parts of the country). Something very similar can be said of European intellectuals today.

One interesting expression of this shortage of intellectuals organically linked to the European project is the lack of a European daily newspaper or magazine. Indeed, the *Financial Times* is the only real European newspaper, i.e. the only journal with a European audience. The fact that it is based in London, English speaking, that it is a journal of finance, and that it is Eurosceptic, is testimony to the absence of a structured European public space and intellectuals.

To the ideological deadlock at the top of the European construction corresponds, at its base, a profound deficit in legitimacy. With a few exceptions (for example the Maastricht Treaty in France in 1992), virtually every time peoples have been consulted on European matters, whatever the country, they have rejected the proposal made to them. To return to the Gramscian notion of hegemony, active consent (from below) to the European project has been structurally low, and a permanent problem for the elite to manage. The refusal by the French and Dutch of the Constitution in 2005, for instance, forced the dominant classes to launch the treaty of Lisbon, in which most aspects of the 2005 treaty were integrated, but without submitting it to referendum (except in Ireland), thereby exposing the anti-democratic nature of the EU. Popular opposition or resistance to EU construction has been low, but so has consent to it.

One possible explanation to this lack of legitimacy is the absence of a “continental-popular” - to adapt Gramsci’s concept of the “national-popular” - sentiment, on which the construction would be based. Europeans, so goes the argument, simply don’t feel European, they feel French, German, Italian or Greek. This lack of a “continental-popular” sentiment can perhaps be explained by the absence of a “constituent moment” at the beginning of EU construction. The matrix of the EU,
indeed, has been war, the second world war, not revolution (Judt, 2010). Another possible explanation is that the EU has implied no progress whatsoever in the daily lives of ordinary people, in fact it has mostly meant social regression. A consequence of this lack of consent to EU construction is that it has strengthen the “force” side of hegemony. This partly explains the Caesarist dimension of the EU, i.e. the coming to the fore of non-democratic institutions, particularly in times of crisis, an issue toward which we will now turn. An effect of this generalized scepticism about Europe is the emergence of far right movements across the continent. This has been the case, in particular, in Hungary, but also France, Greece, and the Netherlands.

3.3. The primacy of non-democratic institutions in times of crisis

One powerful hypothesis of Gramsci is that in the course of an organic crisis a rapid move of insulation from popular pressure occurs. This reinforcement of the institutions that are independent from public opinion takes place because it allows to protect the social order and its dominating social fractions from the rapid fluctuations of the political mood of the population, and of the widening of policy options explored in response to a rapid deterioration of socioeconomic conditions and prospects.

The evolution of EU politics since 2008 offers numerous symptoms of this Caesarist shift away from democratic procedures. One of the clearest examples of this is the successive hardening of coercive control on national budgetary procedures since 2010. This path has been followed with the famous Euro convergence criteria included in the Maastricht and the Stability and growth pact. Control at the European level on national government budgets and economic policies was reinforced with the “Euro Plus pact”, the “Six pack” and the European semester. They imply more automatic sanctions on recalcitrant countries, an explicit orientation in favor of pension reforms and
the liberalization of labor markets, and a new monitoring cycle of economic policies through an examination of national budgetary programs before discussion by national parliaments.

The apogee of this major deprivation of national sovereignty was the adoption of the Treaty on Stability, Coordination and Governance on March 1 2012. According to this new treaty, which is supposed to be adopted in 2013, countries have to adopt permanent legal dispositions – preferably at the constitutional level - which constrain the public structural deficit to reach a benchmark of 0.5% of GDP under the supervision of independent bodies, presumably consisting of economists and legal experts, to discipline member-state governments. The European Court of Justice will be able to fine a country if any member state files a complaint on the implementation of the treaty in another signatory state. In addition, the article 11 explicitly rejects the ability of individual countries to experiment any significant original economic policy on their own.

But the most spectacular symptom of this trend is the rise of the political power of the ECB. The bank has been at the forefront of the rescue of the financial system in 2008-2009 and again in 2011-2012, by mobilizing huge financial resources in order to prevent a major disruption among distressed financial institutions. But as a member of the Troika and because of its interventions on secondary bond markets, it became directly involved in the definition of reform programs in peripheral countries. In addition, the ECB has seen its authority extended to the supervision of the banking system, since it is now in charge of the secretary of the European Systemic Risk board. This rise is all the more spectacular when it is compared to the incapacity of the only elected body in the EU governance system, the European parliament, to exert any significant control over crisis management. Its president, German SPD member Martin Schulz, has been active in trying to make the parliament's voice heard in the context of the crisis, but in vain (see Le Monde, January 19 2012).
A third dimension of this trend is more specifically linked to the hybrid nature of the European Union, which is to some extent a proto-state, but which at the same time relies on various sets of relations between formally sovereign states. At this level, we can observe a spatial differentiation occurring between democratic procedures in the different countries. The Greek case is paradigmatic. Neither the German proposal of a direct control by a special EU commissioner on the Greek economy, nor Wolfgang Schäuble's suggestion to delay Greek polls and install a technocratic government\textsuperscript{xxvi} became concrete up to March 2012. However, they are revealing of a political will in Germany and other AAA countries to get a strict and direct control on the Greek economy in exchange for their money, a control that official Greek creditors have obtained to a large extent through other means.

Since the very first bailout in May 2010, there has been mounting attempt to monitor the Greek economy by Troika representatives up to a point where we can consider that Greece sovereignty on economic issues has been almost reduced to that of a protectorate. In February 2012, the Greek government was told in detail which measures in tax, spending and wage policies it must implement in a matter of days, if it wanted to receive the money of the second bail-out. In fact, this plan ranges well beyond macro adjustment, running into so many areas that, according to an analyst quoted by the \textit{Financial times}, “the program is much, much more ambitious than economic reform. This is state building, as typically understood in traditional low-income contexts”\textsuperscript{xxvii}. The implementation of the program is monitored by a permanent presence of the Commission's task force on the ground and the participation of Troika representatives on the board of the Hellenic Republic Asset Development Fund, which is in charge of privatization.

The general movement of insulation from popular pressure in this short historical sequence appears to be a combination of two phenomena. First, what we have called in echo to Gramsci's theory of crisis “bureaucratic Caesarism”. Indeed, in the face of the huge shaking out of the crisis, the EU
bureaucracy and specifically independent bodies such as the ECB, appear to be the main unitary forces on the political scene. The reinforcement of judicial economic norms and the competence of non-elected European institutions on economic issues also participate in this move of de-embeddedness of economic policies from popular influence. This, of course, is a Caesarism without a “charismatic” personality, the Caesarism of an organization or a bureaucracy, a case that was explicitly taken into account by Gramsci.

In addition, a second modality of de-democratization takes place with the geopolitical dynamic within the union. The crisis has induced - or accentuated - a break-up at the heart of the continent, with the formation of two Europes: a “Northern” Europe, composed of Germany, Finland, and the Netherlands, whose economic and financial situation has been relatively good, and whose political classes insist today on pursuing the orthodox neoliberal policies applied so far; and a “Southern” Europe, with countries like Greece, Spain, and Italy. In between, countries like France form a kind of semi-periphery. Hence, to recall Gramsci’s terms, it is possible to speak today of a “Western” (geographically based in the north) Europe, and of an “Eastern” (geographically southern) Europe.

In this sense, we can observe the rise of a new - although still relatively weak - hegemon in the region (Anderson, 2012). With the relative financial weakening of France, Germany has emerged progressively during the past four years as the ultimate economic power in the continent and has obtained from this recognition a new ability to drive the European agenda. This is an important issue for all the countries of the EU but, more specifically, for countries under financial assistance. Indeed, German insistence on the hardening of conditions associated to bailouts and the publicity it has given to such a posture renders explicit the subordination of democratic processes in the periphery to its power.
Conclusion

A crucial aspect of Gramsci's approach to capitalism is his theory of crisis. This theory accurately takes into account the specificities of socio-historical contexts, while providing an insightful general explanatory framework. An “organic crisis” according to Gramsci results from the de-articulation of the relation between political and civil society. It can give rise to a shift of historical cycle. A crisis is thus an ongoing process which leads to the disaggregation of the historical bloc. This occurs because of the failure of the ruling class to succeed in its major undertakings, in particular its ability to deal with the crisis-tendency of the accumulation of capital.

One key aspect of this shrinking hegemony is the retreat of the organic intellectuals from their usual position of protection and legitimization of the social order. With a reduced pervasive power, the dominant classes cannot rely as much as before on the active consent of the people to protect their position. This opens the door to a more coercive form of power, as an instrument to remodel the social order. A Caesarist insulation from popular pressure is thus the only card which remains in the hand of the dominant classes when they face an organic crisis. Caesarism, as we have shown, doesn't necessarily require a charismatic Caesar. An organization, private or public, can play the role of the Caesar. In fact, it is probable that in advanced modernity, impersonal forms of Caesarism will be more frequent than in the past.

In this article, we have shown that the short historical sequence of the European crisis between 2007 and early 2012 can be better understood with the help of this Gramscian framework. Until now, most of the researches on this extraordinarily rich period were focused on the sequencing of the events and pointed to the loopholes of the EU or EMU architecture. However, they fail to address the core problem more generally, i.e. the interacting dynamics of financial, economic and political realms during the crisis. This is precisely what the Gramscian framework permits. On such a basis,
we can move form the simple periodization of this sequence to a deeper understanding of the underlying processes which give the EU crisis its very idiosyncratic characteristics. From our point of view, two main aspects are particularly salient. First, the original weaknesses of the European historical bloc and its failure to become more consistent overtime has been abruptly revealed in the course of the crisis. In addition to dividing lines along national frontiers, some key social forces, which had been only superficially subordinated to a EU project driven by transnational capital, have progressively distanced themselves from the EU. This is particularly worrying for the dominant classes because of the very reduced number of organic intellectuals involved at the EU level in proto-state and civil society institutions. As a result, in front of the radicalization of the neoliberal agenda proposed as a response to the destabilizing effects of the crisis, no other potential alternative hegemonic project at the European level has emerged.

On the contrary, and this is the second aspect, the reduction of the historical bloc and an acceleration of neoliberal reforms occurred thanks to a dynamics of de-democratization, giving more and more prominence to political bodies insulated from popular pressure and political weight to core countries. This progressive shift from consent to coercion takes place as social unrest and political instability grow across the continent, in particular in peripheral countries, with explicit opposition to the power of financial capital and, sometimes, an “anti-neo-colonial” dimension.

The tendency towards the disaggregation of the EU proto-state thus appears to be a driving force of the EU crisis. In such a context, the attempts to implement a great leap forward in economic, financial and political integration could succeed but, probably, only in the form of a fragile bureaucratic Caesarism.
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On the link between Trotsky and Gramsci, see Rosengarten (Rosengarten, 1984).

We will refer to the PN, as is generally agreed in writings about Gramsci, by first quoting the notebook (“Q” for “quaderno”, i.e. notebook in Italian), and the paragraph, and then the page in Hoare and Smith’s Selection from the prison notebooks ((Gramsci et al., 1971) for the English translation.

For a presentation of the concept of Caesarism in Gramsci, see Fontana ((Fontana, 2004).

For a discussion of the history of Caesarism, see Mosse ((Mosse, 1971).


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