

THE EUROPEAN INTEGRATION AS A VEHICLE OF NEOLIBERAL HEGEMONY AND THE “END OF LABOUR”

A INTEGRAÇÃO EUROPÉIA COMO VEÍCULO DA HEGEMONIA NEOLIBERAL E O “FIM DO TRABALHO”

John MILIOS¹

ABSTRACT

This chapter focuses on the way that the ruling economic and political forces in Europe use the process of European integration to ensure the hegemony of Neoliberalism. We trace the economic and social realignments (and antagonisms) which have brought to the fore the ideology of the end of labour, bearing in mind that every theory articulates and/or supports particular standpoints in an ongoing dispute for ideological domination in contemporary capitalist societies.

Key-words: Economic policy; european integration; European Union; neoliberalism; labour

RESUMO

Este artigo analisa a maneira com a qual as forças econômicas e políticas dominantes na Europa utilizam o processo de integração europeia para assegurar a hegemonia do neoliberalismo. Acompanhamos os realinhamentos (e antagonismos) econômicos e sociais que resultaram numa ideologia do fim do trabalho, tendo em mente que toda teoria articula e/ou embasa pontos de vista particulares em uma disputa pela dominação ideológica das sociedades capitalistas contemporâneas.

Palavras chave: Política económica; itintegração europeia; União Europeia, neoliberalismo, trabalho.

¹ Ph. D. in Economic and Social Sciences (Dr. rer. pol.), University of Osnabrück, Germany; Ph. D. in Engineering, National Technical University of Athens, Greece. Professor of Political Economy in the Department of Humanities, Social. Sciences and Law at the National Technical University of Athens. Director of the quarterly journal for political and economic theory “Thesseis”

1. Introduction

Twenty-five years of neoliberal policies in Europe have influenced every aspect of social life. Starting from the late 1970s in most European countries, the privatisation of the welfare state, the downsizing of government, the emergence of new forms of social exclusion, the increasing unemployment and the polarisation of wages², the “free-market” delivery systems for health, education, and welfare, are changes which affect not only the economy but also the politics of European societies.

According to the conventional wisdom of official thinking, what is involved is a transition period until there is an upturn in investments corresponding to a rise in business profits, whereupon a new virtuous circle of development will get underway, with rising incomes. Yet, despite a clear recovery in profit levels, decreasing public deficits and inflation rates neither investments nor economic growth rates are anywhere in Europe near the levels required for recovery in employment and popular living standards. On the contrary, the economic situation of broad social strata is deteriorating. In the name of private interest and the impeccable and flawless workings of the market, social considerations atrophy (Pelagidis et al 2001).

As no alternative has been created to this way of managing public affairs in Europe, neoliberal economic strategies of “deflation” are continuously “rejuvenated”, despite falling prices and fiscal stabilisation. Within this framework, misfits and the marginalized are perceived as a “burden.” Even the so-called progressive socialist parties regard the cost of solidarity as unacceptably high.

2. European Neoliberalism: From Maastricht Treaty to the “European Constitution”

In the nineteen-eighties or early nineties, conservative parties obtained the support of the middle classes in many European countries and won elections on the strength of a clear “liberal” political slogan: “Let market forces act freely. Fight all forms of bureaucratic, corporatist or monopolistic distortions of the market mechanism and the high growth rates of the past will be achieved again”. This conception was then concretised in a restrictive economic program aimed at curtailing wages and social spending, deregulating markets – including the labour market – and privatising public enterprises.

² The increasing polarisation in wages, i.e. the constantly growing value of the ratio “upper 10% wage level over the respective lowest 10% wage level” is apparent in all European countries since the mid-1970s. The same phenomenon appears also in the USA and Japan. Since the same ratio was decreasing during the first three post-WWII decades (1945-75), Harrison and Bluestone (1988) defined it as “the Great U-Turn”. For more recent data on wage inequality and polarisation s. Borjas (2000), Ch. 8.

However, as the promised economic prosperity failed to eventuate, liberal ideologies met with diminishing public acceptance. Most conservative parties, after a period in office –lengthy in the case of Britain and Italy, shorter in, for example, France or Greece– lost elections in the mid- or late-nineties to centre-left parties.

Despite this shift in government power, though, the economic and social policies did not change much in Europe: Exactly the same conservative policy was followed, sometimes slightly leavened by measures of social protection for certain marginalized sectors of the population. What actually took place was a retreat of the political and ideological visions of the (ruling) Left and of social-democratic intellectuals, who now confine themselves to the continuous reiteration of the simple thesis that *full* deregulation can never exist and that therefore centre-left are more effective than conservative governments.³

Centre-left governments, persisting in policies that give priority not to reducing unemployment or promoting growth by public spending but to stabilising prices, curtailing public deficits, promoting “labour-market flexibility” and privatising public enterprises, appear as “moderate” exponents of conservative policy, “Neoliberalism with a human face” as it were. These policies boosted the profit share in most European countries: during the last two decades, it kept rising on a constant basis, in nearly all European countries. Official statistics⁴ give the following data for the increase in the profit share in some major European countries, during the time span 1981-2003: Italy: from 23.3% to 32.3%; Germany: from 26.9% to 33.6%; France: from 20.6% to 30.7%; Spain: from 25.4%, to 34.5%; UK: from 25.6% to 26.5%.

This persistence of neoliberal policies and ideas is to a large extent effectuated through policies officially aiming at promoting the economic, monetary and political unity among the member states of the European Union (EU). EU states seem actually to have declared that the process of European integration has as a prerequisite the implementation and maintenance of neoliberal strategies. In this way, they declare that, in order to promote European unification, these strategies must remain untouched from any critique and cannot be subjected to any substantial revision or change. By identifying it with European unification, the leading political and economic forces in Europe present Neoliberalism as a taboo that cannot be violated.

There were three major agreements among EU states aiming at legitimising Neoliberalism as the par excellence means of European unification: The 1992 Maastricht *Treaty on European Union*, the 1996-97 *Stability and Growth Pact* (SGP) and the [draft] *Treaty establishing a Constitution for Europe* elaborated by the European Convention (2003-2004).

³ “[...], markets will never replace governments in making strategic choices, organizing solidarity over a given territory and still more in institutionalizing markets [...] The state remains the most powerful institution to *channel and tame the power of markets*” (Boyer 1996, p. 110-108, emphasis added).

⁴ *European Economy*, Statistical Annex, Spring 2003. p. 94-5.

3. The “Maastricht Criteria” and the “Stability Pact”

In February 1992, the *Treaty on European Union*, signed in Maastricht, formulated certain economic “convergence criteria”, which were supposedly the precondition that would enable them to proceed to the third and final stage of a Monetary Union (MU) and to launch the single currency: low inflation and interest rates, exchange rate stability, and, above all, public deficits and government debt no higher than 3% and 60% of gross domestic product respectively (Council, 1993).

The restrictive “deflationist” policy adopted by EU countries before the introduction of the common currency (the “Maastricht criteria”) was perpetuated after the circulation of the euro on the basis of the so-called *Stability and Growth Pact* (SGP), signed in Dublin in December 1996. This “pact” reasserts that budgetary restrictions should remain the keystone of economic policy, as government budget deficits shall not exceed a fixed upper limit of 3% of GDP. Countries failing to restrict public deficits to the 3% of GDP limit would have to count with punitive measures, such as fines, up to 1.5% of GDP. The SGP constitutes, therefore, an important instrument for implementing the neoliberal policies of downscaling of the role of state in the economy and of fiscal restructuring in favour of capitalist enterprises and higher income groups, in the post-euro era (European Economists 2003).

These neoliberal policies are being constantly reassessed in the Commission’s Broad Economic Policy Guidelines (BEPG), where, e.g., we read that “wage developments should remain moderate” (European Commission 2003: 5), and that “monetary policy, budgetary policy and wage growth” should always be “compatible with price stability and the need to enhance confidence among business and consumers in the short run” (op. cit.: 16). Price stability is always supplemented by tax reduction, further liberalisation of financial markets, deregulation of labour markets and “reform” of the pension system so as to shift it from public Pay-as-you-go (PAYG) schemes to privately funded capital market schemes.

However, these neoliberal policies proved to be very ineffective in the conjuncture of economic stagnation, which hit the world capitalist economy since the turn of the century. Most European economies, following the restrictive course of the Commission’s guidelines were suddenly in jeopardy of getting caught in a deflationary spiral. The declarations made at the Lisbon summit in March 2000 – the EU economy should become “the most competitive economy of the world” within a decade, with an average growth rate of 3% during the current decade– have been dramatically refuted: The GDP growth rate in the Euro-zone declined from the average annual level of 2.1% in the decade 1991-2000 to 0.4% in 2003 (estimates of the European Commission), while growth rate of investment (Gross Domestic Capital Formation) declined from 2.0% in 1991-2000 to –2.6% in 2002⁵.

⁵ *European Economy*, Statistical Annex, Autumn 2003, p. 87.

At the same time, and despite cuts in the systems of unemployment benefits and social welfare, the 3% of GDP limit for public deficits was proven a difficult target to be met in a conjuncture of weak growth and stagnation, followed by policies of tax reductions for corporate profits, capital gains and higher incomes.

In November 2002, EU finance ministers voted to discipline Portugal for missing deficit targets. However, at the same time the German finance minister warned the Commission that his country was also likely not to comply with the SGP deficit target for 2002. Actually, the German public deficit surged from 1.4% of GDP in the year 2000 to 2.8% in 2001, 3.6% in 2002 and 4.2% in 2003, while it is expected to remain above the 3% of GDP limit until the year 2006. The situation developed in a similar pattern also in France, the second largest economy in the EU, as the country's public deficit ran over the 3% limit and reached 4.2% of GDP in 2003. As the two major EU economies involuntarily violated the SGP rules, the Commission declared, in March 2003, that Iraq war provided exception to EU deficit rules. However, after the protests by some of the smaller EU countries, claiming that "sound" (read neoliberal) policies will lose their public credibility if not followed by all countries, the Commission began a sanctions process against the two countries which could have led to fines of as much as 0.5% of each country's GDP. This process was though finally abandoned by EU finance ministers, meeting in November 2003 in Brussels, who rejected the Commission's recommendations that France and Germany should immediately undertake deeper cuts in spending to comply with the SGP rules, or otherwise face sanctions. The European Central Bank immediately dispraised this decision of the Council of finance ministers, claiming that it "risks undermining the credibility of the institutional framework and the confidence in sound public finances" of the EU countries (Rhoads and Michener 2003).

The SGP has not been renounced; it was simply broken as a consequence of stagnation, aggravated by restrictive neoliberal policies. By not taking punitive measures against France and Germany, European countries reasserted their national authority over their own budgets. However, they still insist on following the neoliberal course, despite the fact that it was proven to aggravate stagnation and thus to be a major obstacle to more employment and growth.

4. EU enlargement and the "Draft Constitution"

In May 2004 ten new Member States will enter the EU, i.e. Cyprus, Malta and eight Central and Eastern European Countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). To be accepted as EU member-states, these countries already follow the restrictive policies connected

with the Maastricht criteria and the SGP, despite the fact that some of them face major macroeconomic imbalances and a high unemployment rate (e.g. 19% in the Slovak Republic and 20% in Poland). Bulgaria and Romania joined the EU on January 2007.

To solidify the enlarged Union, the ruling political forces in the EU have formed a “Convention” which elaborated the draft of a “Constitution for Europe” (The European Convention 2003). The Constitution aims at “finalising” the institutional framework of the EU for the decades to come, so that the “deepening” of the process of European (economic, political and social) unification may be facilitated. However, it is not difficult to understand that the “Constitution” actually aims at making Neoliberalism “irreversible” in the enlarged EU:

The “Draft Constitution” ascribes the character of “constitutional order” to two major pillars of Neoliberalism:

a) *Deregulated markets*: “Article I-3: The Union’s objectives: a single market where competition is free and undistorted”.

b) *Priority of state security and “military capacity” over human and social rights*: “Article I-40: The common security and defence policy (...) shall provide the Union with an operational capacity drawing on assets civil and military. The Union may use them on missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter”.⁶

More specifically with regard to economic and social policies, after some “progressive” formulations concerning the economic and social “objectives” of the EU in part I of the Draft, which seemingly reproduce the general attitude of the 1948 UN *Universal Declaration of Human Rights*⁷, disinflation, the main motto

⁶ In the same Article is further stated (as a constitutional clause!) that “a European Armaments, Research and Military Capabilities Agency shall be established to identify operational requirements, to promote measures to satisfy those requirements, to contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, to participate in defining a European capabilities and armaments policy, and to assist the Council of Ministers in evaluating the improvement of military capabilities”.

⁷ E.g. Article I-3: “The Union shall work for a Europe of sustainable development based on balanced economic growth, a social market economy, highly competitive and aiming at full employment and social progress, and with a high level of protection and improvement of the quality of the environment”. However, even at that general level, the European “Draft Constitution” falls clearly behind the 1948 *Declaration* in concern with most social and human rights. With regard, for example, to the “right to engage in work”, we read in the “Draft Constitution”: “Everyone has the right to engage in work and to pursue a freely chosen or accepted occupation” (Article II-15) and “Every worker has the right to protection against unjustified dismissal, in accordance with Union law and national laws and practices” (Article II-30, emphasis added). For comparison, we quote the respective article of the 1948 *Universal Declaration of Human Rights*: “Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment” (Article 23, emphasis added).

behind all neoliberal policies, is acclaimed as a major “constitutional” end: “The primary objective of the European System of Central Banks shall be to maintain price stability” (Article I-29).

If one takes into account that in EU-15 the inflation rate (consumers’ index) fell from 10.6% on average in the 1970s to 6.5% in the 1980s and to 2.1% in 2000, to remain practically constant ever since, one can only reach the following conclusion: By choosing to further suppress inflation, European governments declare that they insist in the same neoliberal restrictive policies that have troubled the majority of the working people up to date, and that other goals, like promoting growth, fighting unemployment, improving the welfare state, etc. are set aside for the whole historical period of “consolidation” of the enlarged Union. The draft European Constitution was abandoned after his rejection in the referendums in France and the Netherlands in 2005. European governments negotiate a “Reform Treaty” to be signed on December 2007. The Reform Treaty confirms the above described “pillars” of neoliberal policies.

5. End of labour and neoliberalism

5.1. Theoretical approaches on the “end of labour”

Increasing unemployment rates in most developed capitalist countries has been approached, in many cases, as an “inevitable outcome” of technological innovation, and most specifically of the introduction in all sectors of the economy of automated production units, based on the applications of microelectronics. In this ideological framework, an analysis was formulated, which claims that the “new technologies” and the automation of production will constantly accelerate unemployment, leading thus to the ultimate “end of labour”.

The proclaimed “end of labour” did not make its first appearance in the present “computer age”. The hypothesis that the replacement of labour by automated systems would lead to the “disappearance of the working class” was formulated almost a century ago in the context of a theoretical discussion of capitalist crises. In his book *Studien zur Theorie und Geschichte der Handelskrisen in England* (Studies on the Theory and Practice of Trade Crises in England), Jena 1901, M. von Tugan-Baranowski gave an elegant description of the continual replacement of labour by systems of mechanised functions, only to assert, however that even if machines cause the working class to disappear completely, capitalist production will continue to exist. With his analysis, Baranowski attempted to theoretically exclude the possibility of a collapse of capitalism through mass underconsumption triggered by the gradual disappearance of wage labour and thus of workers’ income and workers’ *consumption*. In Tugan-Baranowski’s analysis, the reduction in individual consumption (and in the production of consumer

goods) is counterbalanced by the continual increase in productive consumption (and production of capital goods) (Milios 1994).

Tugan-Baranowski wrote characteristically: “Even the most comprehensive replacement of workers by machines could not in itself make any machine superfluous or valueless. Even if every worker except one had been replaced by machines, then one single worker would keep the entire colossus of machines in motion and with their help produce new machines and means of consumption for the capitalist class. The working class will disappear. But that will not in the least hinder a realisation of the products of capitalist industry (...) If the capitalists, however, wish to restrict their own consumption in their urge for accumulation, there is nothing to stop this. In this case, the production of means of consumption for the capitalists will be restricted so that a still greater share of the social product will consist of means of production” (quoted in Bukharin 1972, p. 211-12, where there is extensive reference to and criticism of the views of Tugan-Baranowski).

Criticising both Baranowski’s views on the “end of the working class” and Luxemburg’s thesis of underconsumption, from the viewpoint of a theory of crises of overaccumulation, Bukharin (1972) showed that the increase in labour productivity arising from the replacement of workers by machines necessarily entails an increase not only in the production of capital goods but also – albeit at a slower rate – of the production of consumer goods: the means of production are (sought after and) produced so that production of consumer goods can also continue on a broadened base, forming specific ratios between these two sectors of production. This means, however, that the reproduction of capitalist economy on an expanded scale, not to mention its very existence, is contingent on a continual expansion of consumer demand over a long period of time, as stated also by Marx in his famous schemes of *reproduction and circulation of the total social capital* (Marx 1992, Part Three, pp. 425-599). If one approaches the problem from the point of view of *reproduction* of the economy, labour incomes and the workers’ consumption cannot disappear:

“The huge expansion of means of production would unavoidably lead to a huge increase in *the means of consumption placed on the market*. And if there were no demand for these means of consumption, there would take place an unavoidable and devastating collapse, in which precisely that connection between production and consumption whose existence is denied by our ‘paradoxical’ Tugan would come into force with primitive violence (...) It makes absolutely no difference to the matter that Tugan still keeps ‘one worker’ to accomplish this humbug, for if this ‘one worker’ were ordered by his clever bosses to produce coal and iron for coal and iron, this would have the same economic importance as if he were forced to spit at the ceiling all day long” (Bukharin 1972, p. 213).

The time-honoured prophecy concerning the imminent demise or disappearance of the working class (and concomitant perpetuation of capitalism) was preserved in a latent state in the writings of philosophers, economists and sociologists, to make a triumphant comeback in the last decade, unencumbered now by the theoretical trappings of the past. We no longer have to do with theoretical analyses of expanded reproduction of the capitalist system or of capitalist crises but merely with a stereotyped and endlessly reiterated assertion (in articles, books, declarations by politicians and experts etc.) that increasing unemployment is on the point of achieving a total marginalisation of labour. What is involved, in other words, is the projection of a quasi-journalistic “hunch” about the way things are going, to some extent explicable from the way that “the end of labour” is a subject increasingly preoccupying the press. Subsequently, taking this hunch as something given, as more or less a *fait accompli*, conclusions are drawn concerning society, economic policy and the fate of humanity.

As far as purportedly “radical” analyses are concerned, the “end of labour” thesis has been promoted since the early 80s by André Gorz.: “The micro-electronic revolution is ushering in the epoch of the abolition of work. Wage labour can no longer constitute the primary focus of an individual’s life or even his principal occupation” (Gorz, 1986, pp. 53 & 56). From the thesis on the end of labour, Gorz draws the corresponding political conclusions, putting forward the proposition that we should reject capitalism but accept the “logic of capital” and strive for a democratic and ecologically balanced community, beyond class differences and antagonisms: “We must learn to distinguish between capitalism and the logic of capital. The logic of capital is the only clear form of economic logic. There is no other economically rational method of operation for a business enterprise. There is of course a movement, a transformation process, a lateral alliance transcending inter-class boundaries. Each one of us, for example, knows some capitalist or other, some executive in a chemical company who, as a human being, experiences misgivings over what he is doing and wonders how, when he is on his deathbed, his life’s work will be judged and what his great-grandchildren will think of him” (Gorz 1993, pp.165 & 167).

It seems that the exponents of the “end of labour” thesis suffer from a repetition compulsion which induces them to publish essays and books containing a stereotyped reiteration of the same point: that wage labour is on its last legs. A typical specimen is the book by J. Rifkin (1996) in which we are informed yet again that “the Information Age has arrived. In the years ahead, new more sophisticated software technologies are going to bring civilization ever closer to a near-workerless world” (p. xv). It seems that in the writer’s view it is not only labour which is on the point of disappearing but energy and materials too: Rifkin foresees, therefore “the shift from an economy based on material, energy

and labour to one based on information and communication” (p. 236). It seems that “information and communication” will be filling stomachs, building houses, making clothes, automobiles, air-planes.

The book bases its “end of work” thesis on the one hand on anecdotal evidence and citations from ordinary people or opinion-makers⁸ and on the other on a description of the immanent long-term consequences for employment of the increase in labour productivity, *always* brought about by capitalist development: “In 1961 (...) the Steel Workers Union reported a loss of 95,000 jobs, while production increased 121 percent” (p. 67).

Rifkin (1996) exposes the travails of the working class (oppression, deteriorating of living conditions and undermining of the health of a large part of the work force, see in particular p. 194) but presents them as a result of the “new technologies”. He intersperses this argument with a series of topics from the fashionable discourse of the last decades: a smattering of “Toyota-ism” (p. 99), a dash of globalisation and transcendence of the nation state (pp. 235-36), a sprinkling of ecology (p. 246) and a generous serving of “empirical sociology”: “a one percent rise unemployment results in a 6.7 percent increase in homicides, a 3.4 percent increase in violent crimes, and a 2.4 percent increase in property crimes (...) teenage criminal activity escalates from individual acts of terror to full-scale rioting, as was the case in Los Angeles in 1992” (pp. 208 & 210).

Apart from the statistical fun and games, what is amazing is that none of this argumentation wants to be perceived as referring to a permanent tendency of the capitalist mode of production, a tendency which as early as the first half of the 19th century was already being elegantly “denounced” by economists such as Malthus and Sismondi. Otherwise formulated, the view concerning the “end of work” masks the fact that despite extremely rapid increases in labour productivity due to technological and organisational “modernisation” of capitalist enterprises, the long-term employment trend is still for the number of job vacancies to rise, (albeit at a much slower rate in relation to the total volume of production).

The “end of labour” thesis is paradoxical: Despite the capitalist over-accumulation crisis of since 1980 (Ioakimoglou & Milios 1993), more than 85% of the workforce in the advanced capitalist countries (Europe, North America, South-East Asia) remains in employment. Amid all the rhetoric on the “end of labour” the exploitation of the great majority of the population who work (i.e. the reality of the capitalist mode of production) is pushed aside. It is not worth talking about

8 Among hundreds of similar examples: “Economist Stephen Roach of Morgan Stanley says that [...]” (p. 143), “one of the laid-off workers was Joe Vandegrift, a forty-six-year-old mill mechanic who [...]” (p. 165), “Economist Jared Bernstein, of the Economic Policy Institute, argues that [...]”, (p. 168), “John Parker, who lives in a wealthy suburban community along Philadelphia’s Main Line [...]” (p. 170), “A local librarian, Ann Kajdasz says [...]” (p. 171), “Author and political analyst Kevin Phillips worries about [...]” (p. 177), “Some military experts believe that [...]” (p. 215).

- that is the view. Because unemployment is reduced to a by-product of technical progress as such, social relations are once again placed out of bounds for discussion. In this ideological context of capitalist apologetics, assertions such as Gorz's that "the logic of capitalism is the only clear form of economic logic" (Gorz 1993, p. 165) can only be described as redundant - symptoms of the repetition compulsion.

The thesis on the "end of labour" has also been adopted by certain theoreticians who consider themselves Marxist thinkers, typically by A. Schaff (1995). These approaches are in no way to be distinguished from the run-of-the-mill literature on the "end of labour" we have just presented, other than in their "Marxist" transcription of certain terminological features: the "end of the proletariat", the "end of surplus labour" etc. Nevertheless, the insistence with which these theoreticians assert their "Marxism" obliges them to argue that their own departure from Marxist tenets is exclusively a product of the fact that "end of labour" phenomena made their appearance in the post-Marx era. To quote a characteristic remark of Schaff's: "we should at the very least rewrite Marx's 'Capital' and the 'Finance Capital' of Hilferding" (Schaff 1995 p. 108).

We indicated above that Tugan-Baranowski had outlined an "end of labour" thesis as early as 1901. What is worth noting here is that the idea of the "end of labour" forms part of the early thought of Marx when he began to elaborate the framework of his theoretical system, which he named the Critique of Political Economy. As is well-known, Marx began to formulate his economic concepts in the 1850s (MILIOS 1997) and the first extensive text to which he lent his signature, primarily as a personal settling of conceptual accounts, was the *Grundrisse* (1857-58). After the publication of his book *A Critique of Political Economy* in 1859 up to the publication of the first volume of *Capital* in 1867, Marx not only changed the overall plan of his work but also revised some conceptual content of his theory, for example through abandoning the concept of "capital in general" and introducing the concept of "social capital" (HEINRICH, 1986).

Thus in the *Grundrisse* we find Marx flirting with ideas of the "end of labour" and with it the end of capitalism, as a result of the application of science to production: "Labour no longer appears so much to be included within the production process; rather, the human being comes to relate more as watchman and regulator of the production process itself [...] He steps to the side of the production process instead of being its chief actor [...] As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure, and hence exchange value [must cease to be the measure] of use value. The *surplus labour of the mass* has ceased to be the condition for the development of general wealth, just as the *non-labour of the few*, for the development of the general powers of the human head. With that, production based on exchange value breaks down" (MARX, 1993, p. 705).

Marx's flirt in the *Grundrisse* with the "end of labour" was not to progress beyond the formulation of a "moving contradiction": "Capital itself is the moving

contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth. Hence it diminishes labour time in the necessary form so as to increase it in the superfluous form” (Marx 1993, p. 706).

Marx was once more to take up exactly the same issues in *Capital*, but this time without the slightest reference to the “end of labour”. A new concept was formulated here, on the basis of which Marx examined the changing relationship between necessary labour (i.e. labour necessary for the reproduction of the labour power of the worker) and surplus labour (which is appropriated by the capitalist): this was the concept of *relative surplus value*, only hints of which can be detected in the *Grundrisse*. Marx dedicates to the examination of relative surplus value all the fourth part of the first volume of *Capital* (Chapters 12-16). He analyses in this section the consequences for labour productivity not only of machinery but also of cooperation and the division of labour. Increases in the productivity of labour are seen as synonymous with reductions in necessary labour time for the production of a unit of any commodity (Heinrich 1996, pp. 202 ff.).

We see, therefore, that the problematic of reduced labour time per unit of produced commodities, or in other words the perpetual increase in labour productivity, occupies a central position in the theoretical system of Marx. It does not however lead to paradoxical conceits like the “end of labour” thesis, not because the technological data of the time did not permit such thoughts, but because the concepts of extended reproduction of capitalist relations of production (and exploitation) point to a radically different problematic: the problematic of surplus value appropriated by capital and its tendency to increase, the problematic of accelerated accumulation of capital, in combination with growing individual consumption (albeit at a lower rate), the theory of capitalist crises and of the workers’ reserve army of the unemployed.

Contrary, elements of an “end of labour” problematic are to be found only in the early stages of development of Marx’s theory, only to be abandoned immediately afterwards. From a theoretical viewpoint, the “end of labour” thesis belongs to a period preceding the formulation of the Marxist system of the Critique of Political Economy.

5.2 Individual maximisation of benefit or the society of insecure and exploited labour?

Why is it that the idea of the “end of work”, which has always been an element, though not a very important one, in the thinking of certain philosophers and social scientists, is given special emphasis in specific historical conjunctures, when unemployment rises above a certain level and becomes difficult to manage? Given that all the preceding convinces us that almost everyone, even the ideologists

of the “end of labour”, are aware that most of the workforce in the developed capitalist countries (more than 90% in North America and South East Asia; more than 85% in Europe) are in employment and will continue to be so,⁹ the answer must be sought not in some chance delusion but in the more general ideological outcomes of the conjuncture.

In the realm of economic thought and the ideologies associated with it, two currents have been in conflict for more than a century: on the one hand the heterodox and radical conceptions which perceive the (capitalist) economy and society as a society of labour and have since the beginning of the 20th century been under the hegemony (as a rule and in most countries) of some variant of Marxist theories (emphasising the exploitative character of capitalist productive relations), and on the other the “orthodox” neoclassical conceptions which define capitalist society as a society of “harmony of interests” and subjective utility.

Neoclassical theory is by definition of apologetic intent. It presents as reality the imagined maximisation of benefit of all “economic subjects” (the producer-entrepreneur and the consumer), which is defined through an axiomatic correlation of the use value of the commodity (or of the “utility” to be derived from the provision of an additional unit of it) with the rationality, inherent in capitalism, of profit maximisation. It postulates, therefore, as an axiom that the “equilibrium” of the market (and the interplay of supply and demand in which it has its origins) arises from the simultaneous maximisation of the “marginal utility” to the consumer and the profit of the capitalist. Its claim to scientific status amounts to nothing more than a justification of its quest for models which might represent the supposedly self-evident harmony of the market (equilibrium) *and* society (maximisation of benefit to “all those in possession of factors of production”, that is to say, workers and capitalists).

Within the framework of this apologetic edifice, individuals are free to decide how to allot their time between “leisure” (which offers them “satisfaction”) and work (which brings them income), in such a way as to achieve a maximisation of benefit. A precondition, therefore, for the “maximisation of benefit” to wage earners is their ability to regulate the duration of their labour time. When, in periods of increased unemployment, it becomes obvious that the notion of such a choice is nothing more than a stupid fantasy deriving from the “theory”, the entire apologetic edifice of “social harmony” and “utility maximisation” is overturned.

Once, therefore, the reality of unemployment exposes neoclassical theory for the hot air it is, there emerges the picture of a society of insecure labour, labour

⁹ Even Rifkin (1996), who has filled hundreds of pages reiterating his view that “a near-workerless world is fast approaching” (p. 106) must finally admit that “most people, in the foreseeable future, will still have to work in the formal market economy to make a living” (p. 249).

threatened by unemployment, workers suffering exploitation, forfeiting traditional rights, reaping an ever smaller proportion of the fruits of their labours.

Capitalist exploitation is gaining ground today. The firmness or rottenness of this ground, however, is a factor of the degree of persuasiveness and legitimacy of capitalist relations in the eyes of those suffering the exploitation. The paradoxical conceits concerning an economy where electronic computers and robots will, alone, carry out all the tasks of production, the notions of “end of work” all serve precisely this ideological strategy: they seek to obscure the grim picture of capitalist exploitation, of insecure and exploited labour, and to project a picture of technological determinism, whose negative side-effects can be healed by charity, voluntary work and “social sensitivity”. But social antagonisms can not be conjured away with ideological smoke and mirrors.

6. Reflections on the possibility of challenging neoliberal hegemony

Neoliberalism is neither a “correct” policy for economic reform and development, nor an “erroneous” policy of certain governments, which could be amended through reasonable argumentation and discussion. It is a class policy, aiming at reshuffling the relation of forces between capital and labour on all social levels to the benefit of capital; it is a class offensive of capital against labour.

So far the capitalist offensive against labour has been resoundingly successful. It has succeeded in reducing labour’s share in the net product: in the EU-15, it fell from an average of 73.9% in the period 1971-80 to an estimated average of 68.3% for the period 2001-05.¹⁰ In other words it has changed the relation of forces in favour of capital. As a result a specific type of social consensus has indeed been created, based on the acceptance by the labouring class of capitalist ideas and objectives. Isn’t it consensus when trade unions accept that a key issue in social dialogue is how to increase profitability, or how to secure the national or European economy’s competitive position in the global economy? It is consensus: consensus between the “winners” and the “defeated”.

By the same token, the post World War II welfare state shall be comprehended as the product of class polarisation in the context of a balance of forces which no longer exists. In this context, policies of redistribution favouring wages, stimulation of demand among the popular strata and strengthening of social citizenship, did not represent authentic democratic and social progress in general, but merely an alternative means for securing the rule of capital in a period which was relatively unfavourable for itself. *It is clear then, that such policies, i.e.*

¹⁰ *European Economy*, Statistical Annex, Spring 2003, p.94.

an anti-neoliberal agenda, cannot be implemented unless a radical shift in the present balance of forces between capital and labour takes place.

However, in order to establish a new distribution of the social balance of forces, the working classes must once again elaborate their own autonomous class objectives, independently of the capitalist imperative of labour discipline and profit maximisation. For this to be possible, labour must recreate its anti-capitalist strategy of social transformation. This is the great challenge that the “movements against capitalist globalisation”, rapidly growing in practically every part of the globe during the last years, are actually facing (Saad-Filho 2003).

Furthermore, my analysis in the previous Section of this paper has shown that the ruling social and political forces in Europe have managed to legitimise neoliberal policies as the par excellence means for “economic convergence” and “European unification”. Much more, neoliberal economic and social policies in Europe have been shaped in the form of “common European policies”, “convergence criteria” and a common European “constitutional” framework.

The process of European unification is thus being transformed into an ideological and political weapon of the European capitalist classes, in their conflict with the labouring classes: it is used as a vehicle for Neoliberalism, as it has been identified with the formulation and implementation of economic and social policies of austerity, privatisation, market deregulation and suppression of rights. This conclusion does not lead, though, to “anti-European” theses but it rather emphasises once more the importance of the formulation of an alternative strategy all over Europe, which would promote the interests of the European labouring classes. Demands for a complete re-writing of the EU’s antidemocratic and deflationary institutional structure and political agenda are motivated not by anti-Europeanism but by anti-neoliberalism and anti-capitalism: Social reform, democratisation and the shaping of a strategy of radical change aiming at overthrowing capitalism.

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