

## **Crisis in Europe and the anti-capitalist response**

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For each day passing it becomes more and more evident that the capitalist world economy is in a deep and long lasting crisis. It began with the burst of the real estate bubble and the meltdown of the financial sector and then it moved on to the enormous public deficit. In some countries the deficit is so big that the risk of bankruptcy is imminent – a threat that is amplified by the massive public capital injections into the banking sector.

The crisis has made it possible to unmask the ideological veil of “capitalism without crises” or even “capitalism with a human face”. Are we at the beginning of a decisive historical turning point, where the ruling world order is dissolving or will capitalism and the ruling classes once again succeed in overcoming the crisis and restore the conditions for a long term economic upswing – through the means of war or “peaceful” cleansing of unproductive capital? The answer depends on whether the working classes accept to pay the costs of the crisis.

The past year has witnessed a large number of protests, strikes and mobilizations against austerity measures in Europe. Most significant in Greece, Spain, Great Britain, France, Portugal, Iceland and Ireland. The common denominator has been a reaction against the capitalist crisis, the burdens of which the governments are attempting to pass on to the working classes, the young and the marginalized.

But the content of the austerity packages, as well as the timing of their implementation, vary from country to country. Many different political factors, not least the political and trade union leadership, contributes to a very heterogeneous picture of working class responses across Europe. By the same token the impact of the crisis on national economies differs strongly, according to the varieties of the dominant productive sectors, technologies, and reproduction of labor power.

All the economies in the EU member countries are tied together by the unfettered capitalism and the harsh pressure for harmonization of economic policy originating from the Growth and Stability Pact. In the current capitalist crisis only a few countries live up these criteria.

The EU has responded by launching the Euro-Plus Pact and the so-called “six-pack”, which toughens the demands, control and sanctions. More than ever decisions taken in the EU are a common concern in all of the EU. The demands constrain the national budgets and demands governments abide the rules.

But it is still the national governments who adopt the budgets and it is still the national governments that are held responsible by the voters for the cuts contained in the budgets.

In this situation the central question is:

How can the anti-capitalist left in Europe shift the balance of forces to the advantage of the working classes to fight the bourgeois offensive and the economic crisis?

This question has, enforced by the sovereign debt crisis and the intensified contradictions of class struggle in some countries, called for great attention on the anti-capitalist left. At the center of this debate is the question of the EU and the Euro. Our intervention aims at contributing to specify the main tasks of the anti-capitalist left.

### **Is the “United Socialist States of Europe” the answer?**

The debate that has taken place in International Viewpoint shows that there are two general positions in the debate.

The first position represented by the economists Michel Husson and Özlem Onaran sees the solution to the sovereign debt crisis in a stronger economic integration into the current EU-institutions. But integration must be based on a different economic policy.

According to this position, the task of socialists is to respond to the bourgeois offensive with a perspective of the “United Socialist States of Europe”.

Onaran (2011) is aware that a precondition for this is far-reaching measures against the capitalist order at the national level, including restructuring of the bank sector, private industrial companies and a new organization of the public welfare sector.

According to Onaran, to do this, socialists have to abandon the idea that the European Union is an impediment to a socialist development in Europe, looking instead at the EU as a leverage for the resistance of the working class: “In that respect the EU could be turned into a leverage to bring together peoples’ opposition to the budget cuts in different countries rather than being perceived merely as an obstacle despite its anti-democratic and technocratic structures.” (Ö. Onaran 2010a, p.18).

This position doesn’t lead Onaran – unlike Husson – to the conclusion that solidarity is necessarily absent if the answer to the crisis includes a break with the euro and with the EU as such. However, Onaran fails to explain how the dynamics of class struggle can transform the EU and its institutions from being a tool of the European bourgeoisie for a neoliberal restructuring into a tool in the hands of the working class. Establishment of an alternative European co-operative model preconditions radical political changes in each country – a struggle which is weakened and not strengthened by the EU institutions.

For this reason, her proposal for a pan-European transition program seems as abstract as her vision for a “progressive EU”. Her program constitutes important goals – propaganda – for revolutionary forces across Europe, but do not constitute immediate demands. They will not help us in the present situation to build broad united fronts in the working class in different countries.

The proposals of Onaran and Husson seem quite abstract and not in accordance with the mobilizations related to the problem of sovereign debts.

Against this position, another position is emerging, so far most clearly expressed by Dos Santos and Packer. Lapavistas too has written a keen analysis of how a break with the EU may relate to the class struggle.

We share this position. We think that socialists must support any measure increasing the strength of the working class economically and politically, including any measures reducing the power of the EU and its economic and financial institutions.

Because of the unevenness of the class struggle in different countries, anti-capitalist programs have to be developed in relation to the specific circumstances of each country as the starting point. Below, we try to develop an alternative approach for a socialist response.

### **Sovereign debt – here and there**

In some member states of the European Union, sovereign debt has increased so much that it is impossible to pay back, or the debt burden has reached a level which blocks the way for further growth. The risk of default is acute and real in a number of countries. To pay the debt, new loans are necessary. But the EU, ECB and IMF are demanding draconian attacks on the living conditions of working people as a condition for these loans, including major privatization programs, selling off public enterprises and assets, and hereby weakening public control. In these countries (Greece, Portugal, Ireland), EU has become a direct enemy to millions of people protesting against paying for a crisis for which they are not responsible.

In Greece, apparently it is possible to mobilize working people for a demand of a public debt audit in order to discover and cancel the “illegitimate” part of the debt. In Denmark and other EU member states with less dramatic sovereign debts, our task is to explain that the problem is not “the Greeks” who “lived beyond means”, but that the debt has increased so much because of the greed of the banks and irresponsible policies protecting the rich. We have to resist the anti-worker conditions set for new loans and support a repayment moratorium, including a full or partial cancellation of the debt, if the movement succeeds in forcing the government to take this action. This will cause heavy losses to speculators in other countries, but instead of protecting “our” speculators an offensive response must be to put the financial sector under public control, which will – among other things – ensure that ordinary people do not lose their money (pension savings etc.)

### **Danish sovereign debt**

Denmark is the teachers’ pet of the EU class, with a sovereign debt of only 44 percent of GDP in 2010 and a financial deficit of only 2.7 percent. In spite of that, discussion of public deficit is

playing a major role in the political debate. This deficit increased during the former bourgeois government, in particular because of tax reductions to the rich. However, it makes no sense to demand a cancellation of the public debt in Denmark or other countries without a big debt. On the contrary, this would marginalize us politically.

It is possible – and necessary – to reduce the public debt through a radical, anti-capitalist redistribution of the wealth, including putting the financial sector under public control and a heavy taxation of private companies and millionaires. This is a solution which is totally opposed to the two austerity programs of the (former) bourgeois government in 2010 and 2011 – the first one reducing the period for unemployment benefits from four to two years, the second raising the retirement age and attacking the right to retire early. However, it is also a solution opposed to the untrustworthy financial alternative of Social Democracy that largely protects capital and the richest while at the same time promising more welfare, public investments and more jobs - and longer working hours!

We recognize the public debt, and accept to pay it back – although we don't put this political goal at the same level as goals like job creation and welfare improvements (this was proposed – and rejected – at the last National Convention of the Red Green Alliance). And basically, we agree with the statement of the parliamentary group of the Alliance that "state budget deficits will first and foremost hit those with the lowest incomes, because their benefits will be cut, and they will be the ones to pay the interests via the tax bill. Rich people almost always avoid being hit. Also, large debt takes away independence. Therefore we have always suggested ways to finance our many demands."

### **The euro – the struggle for economic self-determination**

There is also a debate about the euro. For the euro-countries, which are caught in a hopeless debt trap it might be an advantage to leave the euro. It would of course not *by itself* solve any problems. Husson (2011) rightly points out that the reintroduction of the Greek dracma, the Portuguese escudo or the Spanish peseta would cause new problems for the working classes in these countries, among other things rising import prices (falling real wages) and a higher value of the debt, which is taken in euros (in as far as the debt must be paid). But as part of new anti-capitalist measures, such as public investments that serves to create jobs, self-supply, food, health care, residence, welfare and environment, a national and devalued currency could promote an upswing in exports and thereby contribute to increasing employment nationally.

Hitherto the euro has only weakened the economy in countries in the periphery, where productivity is lower, and benefited the stronger economies. This could in theory be compensated by a redistribution of resources to the weakest economies, i.e. a common economic policy in the EU – this is Onaran's position. But despite the increasing intervention by the EU in the member countries, there is still a long way to a situation in which the EU has the power to decide the economic policy

in the euro-countries or has the means necessary to compensate for the uneven development in the euro-zone.

Another option is that Greece is thrown out of the euro-cooperation. It is the most likely scenario, if the country declares bankruptcy and stops debt payments. A debt audit could decide which parts of the debt should be paid back. It does not seem likely that it will be possible for Greece to stay in the euro during this process.

### **No to the euro**

Of course, it must be the people in the different countries, who decide whether they will join or leave the euro. When we say no to the euro in Denmark (in 2000 a majority voted no to the euro despite all the center-left and center-right parties recommending the opposite) it is not because we like to change currency when we travel in Europe.

The central argument is that the currency is not just a means of payment. It is also a political tool. Not only does entering the euro entail numerous economic demands, but by giving up the national currency the government loses a vital instrument in the economic policy. A common currency will eventually only work if it is accompanied by a common economic policy. Thereby, the euro becomes a lever for more economic integration, more power to the EU, which is dominated by the interests of capital and profit. When the national parliaments transmit powers to the EU-system, it becomes harder to hold the politicians responsible. It was and is our main argument against the euro.

We are not naive. We do not live on an isolated island independent of the economies of the rest of the world. But the possibilities of affecting the political-economic decisions become worse if we transmit more power to the EU and its central bank. Conversely, they will be better as long as we keep out of the euro-cooperation. It means that we have stronger grounds on which to place our demands that a new government must work for a social responsible and just policies, because the politicians cannot in that case use euro-demands as an excuse for choosing a neo-liberal course.

### **Political strength of forces – in the EU and the national level**

More broadly we wish to break the power of the EU as part of the struggle to build solidarity and common fight in Europe against capital and the ruling class' attempt to place the cost of the crisis onto the working classes. Most debaters seem to agree that the institutions of the EU are not usable as a means to secure a progressive policy, but that these institutions at some point in the struggle for another Europe must be replaced by other, democratic and popular institutions.

But as long as these new popular power bases do not exist, it will be an advantage to roll back the power of the EU to the national parliaments. Since the formation of the EU, the opposite has taken place. More and more decision making has been removed from the national parliaments and

centralized in the EU, which is undemocratic, remote and bureaucratic. The EU is designed to represent the interests of European capital, blocking out the influence of popular forces. Hence, the participation in European parliament elections continues to fall.

The present crisis is used as a lever to transfer even more power to the EU-system without asking the population. To take back power from the EU to the national parliaments will improve the balance of forces in favor of the working classes. Again: the aim is not nationalist isolation, but to improve the preconditions to enforce working class-solutions to the crisis. Solutions that reflect solidarity and are internationalist and sustainable.

### **The threat from right-wing nationalism**

The growth of right-wing populist parties and movements cannot be stopped by leaving the critique of the EU to these parties. On the contrary, we must combine the opposition to the EU with mobilizations for social reforms and actions in solidarity with other peoples. The left cannot succumb to nationalist moods (a la Danish jobs for Danish workers). But a rejection of nationalist solutions must in no way lead to peace with the EU. The left must place itself in front of the opposition to the EU-project and be its sharpest critics.

New progressive, sustainable, social, feminist measures are necessary and we must argue for such policies in broad terms. But currently we lack the strength and the institutions to carry it through. The programs for another Europe, which have been put forward by Onaran and others are interesting visions, but not actual demands applicable to the class struggle today. Implicit in this vision, it presupposes “completely new forms of power and new institutions”. We are talking about a situation, in which the current EU-institutions are disposed of and broken down, while other new European institutions of power are emerging. In other words a total political crisis; a situation of dual power.

An interesting question is how we reach this situation, which is to be considered almost a socialist revolution.

The most likely scenario for a radical socialist transformation is, that it will start off in specific countries and from there spread to the European level – not as something agreed on at European level. A mobilization in one of more core European countries, where the working class and its allies gain the strength to enforce a radical socialist change will probably lead to a breakdown of the EU and its institutions in their current form. New institutions must be built –but all in due time.

We will promote any initiative to organize common European campaigns and struggles. Even on single issues of limited scope. If we succeed, it will create a more internationalist consciousness in the European working class than even the most perfect of visions of “the other Europe”.