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European Union

# The pandemic has exposed the nakedness of European neoliberalism

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**What is the objective of the Covid Tax initiative at the European level and at the level of specific states?**

Through this last decade, we have seen how banks were rescued by the European institutions and national governments. While millions of families were allowed to founder, the peoples of southern Europe were subjected to a real neoliberal shock doctrine and interventions in their economies, with a de facto suspension of their sovereignty. Ten years that have been a lost decade for the popular classes, but a time of gains for large corporations who have continued to increase their profits and power. A time marked by the combination of scarcity and inequality, where the loss of weight of labour income in favour of capital stands in a particularly striking way. A time of accelerated oligarchizing of power, a phenomenon that is simultaneously result, cause and central axis of the new historical cycle that Europe in general and Spain in particular are experiencing.

Tax evasion and avoidance by large fortunes and multinationals are at the heart of both the dizzying rise in inequality worldwide and the increasing financial shortfalls of states. The EU's own economic architecture encourages, within a framework of freedom of capital movement and without fiscal harmonization, internally disparate fiscal regimes, thus promoting a permanent fiscal devaluation. In the same way, it has its own offshore structures and a regulatory framework whose unevenness, permissive nature and stimuli in the shadows enhance this evasion and avoidance, which in fact only benefits big capital, rentiers and richer families, to the detriment of the popular majority. A European project of inequality, of millionaires at the expense of millions of poor people.

But as an additional consequence, the increasing concentration of income and wealth was also the cause and engine of the crisis that we have not yet emerged from before we see the next one arrive. The economic policies applied by the Community institutions and by the governments of the member states have produced a massive transfer of resources from the bottom up. A socialization of losses before, during and after the crisis. And now, with the one that is coming, what?

If we want history to be different this time, we have to stand up firmly to the revolt of the privileged: that handful of billionaires and multinationals that refuse to pay taxes, practicing a real fiscal terrorism with the complicity of governments and the major parties, while dedicating itself to denouncing or directly threatening those who denounce their practices of embezzlement of public finances.

Because facing the looming social pandemic inevitably involves the fight against inequality, of all the growing, plural and interconnected inequalities, intervening in the realities that are the source and reflection of that inequality, such as taxation, precariousness, austerity or corporate power. In short, putting the redistribution of wealth and resources back at the centre of the debate as the central axis of an eco-socialist program. This is the main objective of the Covid Tax: to intervene in the public debate on post-covid reconstruction with a concrete proposal that places the distribution of wealth as a central element against the prevailing neoliberal logic that only discusses the debt model as the only way to increase spending. At the European level, the Covid Tax is introduced precisely in this debate on the mutualisation or otherwise of debts, on the financing of the reconstruction fund, proposing a concrete initiative at European level that collides with the EU's own architecture from a redistributive, supportive and internationalist perspective. A way to challenge the EU, but also to build a different Europe from mobilization around a concrete proposal that should not stop there, but should evolve towards a social emergency program to face the crisis.

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In fact, in the Spanish state, through Anticapitalistas, we launched the idea of a Covid Tax within the framework of a broader campaign entitled "*¡Que Paguen los Ricos!*" ("Make the Rich Pay!"), where we address questions of taxation and distribution of wealth, nationalization of strategic sectors of the economy, of distribution of employment and reduction of work time, and of change of productive model. Starting with the Covid Tax has allowed us to place in public debate and in the whole of the left of the Spanish state the need for the distribution of wealth. In such a way that the whole of the left has reappropriated the idea with different formulations, to such an extent that even the PSOE has been forced to go out in public rejecting the different proposals for taxes on large fortunes and corporate profits.

### **The importance of taxing the rich and big companies is understood, but why go into detail about the percentage?**

We have been on the defensive for three decades. Precisely because we are in the process of reconfiguration, we have to move the tab. More biting than licking our wounds. Many of the neoliberal consensuses are in question today. It is time to practice a shock doctrine against the elites and in favour of those below. To put the distribution of wealth and jobs on the table as a central element of political discussion; to openly ask who will pay for the next crisis; to point to the revolt of the privileged who feel they have the right not to pay taxes or to hide their wealth in fiscal sewers. But that window won't stay open long. We have already seen how long the promises of "re-foundation of capitalism" made by Sarkozy and company in 2008 lasted, how in the end it translated into a twist on the same policies that had led us to disaster.

That is why we believed that we needed more than just slogans or manifestos about the crisis and its alternatives. But it is also a concrete, grounded, urgent and useful tool, one that aims high: so high that it questions the model of construction of neoliberal Europe or, what is practically the same thing, that it questions the increasing hoarding of all resources by a dangerous minority. In the fight for this other Europe of which we speak so much, the fight against inequality and the distribution of wealth will be central. Obviously, the application of these European emergency COVID-19 taxes will not suffice for this battle. The challenge is much broader. But you have to start somewhere. And perhaps it is time to put concrete proposals on the table. We have to put the fight for the distribution of wealth at the centre of debate and political action. Only in this way can we ensure that this time the crisis is not paid for by the popular classes. This time let the rich pay. That is the big idea that can pull the rest. The percentages are technical questions, important without a doubt, but they do not mobilize.

### **What is your position on what needs to be done regarding tax havens?**

Tax evasion and avoidance are not isolated or conjunctural cases: they involve a structural phenomenon of the liquid capitalism of our time, closely linked to the neoliberal offensive that has plagued our economies for decades. A network of avoidance and evasion that could not function without a network of tax havens outside of tax obligations. And we say "lairs", if not directly "sewers", because to call them "tax havens" would be to accept the grammar of the same dangerous minority for whom those places are havens. Thanks to these places where the *lex mercatoria* prevails over any other right, creative accounting and legal loopholes, a handful of privileged people have found numerous fissures to hide or conceal a substantial proportion of their fortunes. And today the entire system is leaking water from those cracks. According to all the studies, there has never been as much money in tax havens as today. The fight against these fiscal sewers should today be a central element in the fight against inequality and for democracy. A fight that we can start by implementing a series of concrete measures that attack the root of the problem in various spheres and levels of action:

In the framework of the EU, the list of third party jurisdictions which do not cooperate in tax matters should be reviewed and modified (following, for example, the criteria of the European Parliament itself or of social organizations such as Oxfam, Tax Justice Network or Gestha, the union of technicians of the Treasury of Spain). This would create

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a first real repertoire of tax havens common to the entire EU, instead of the previous national indices that were produced by some states or the current list of the European Commission, which was intended to be a blacklist but has ended up being a list for laundering tax havens. Of the 15 tax havens most used by multinationals, only one appears in that compilation of the Commission. Having a truthful list of tax havens, which also points to those who operate within the framework of the EU, would be a necessary first step to commercially and economically isolate those who promote and/or benefit from this fiscal framework, sanctioning those who operate in them and thoroughly investigating the big banks and the complicit intermediaries who take advantage of banking secrecy - which should also be eliminated - and systematically skip any standardized due diligence practice in order to make tax evasion and avoidance a lucrative business. And for these measures to last over time, dissuasive sanctions would have to be applied, including the withdrawal of banking licenses. In addition, it is essential to apply a homogeneous accounting regulation that forces multinationals to present relevant economic information structured by their business base and real activity by country, to pay taxes in each territory based on the presence of personnel, physical capital and effective profits extracted in it, avoiding abuse through transfer pricing.

Secondly, and as plan B in case the EU refuses to sanction the tax shelters operating within it, an unfortunately very likely scenario, trade sanctions could be established between some member states for countries that operate as tax havens, starting with the Netherlands or Luxembourg and continuing with Switzerland. With a firm alliance of several countries in southern Europe, these states could be forced to abandon banking secrecy and cooperate fiscally, using the argument that the losses resulting from this change in practices would be less than those derived from trade sanctions that would be imposed in the event that they did not cooperate.

At the state level we must also act. While the EU decides to update its blacklist of tax havens, progress could be made in this regard in the Spanish state, following the same criteria mentioned above and thus helping to set an example and encourage other countries to join. This would imply and allow prohibiting aid to companies that operate or have subsidiaries and/or branches in tax havens. Likewise, tax evasion and avoidance could be included among the criteria that would disable a company from participating in public procurement processes, a measure that could be replicated at the regional and municipal levels. Another affordable measure would be to ban tax amnesties by law. And, finally, continuing with the list of proposals within the reach of a government that claims to be one "of change", sanctions could be established for banks and financial intermediaries that operate in these extraterritorial territories as facilitators and/or beneficiaries of tax evasion and avoidance.

But it would be naive and irresponsible for civil society to entrust everything to the action of institutions to combat the scourge of evasion, avoidance, or tax havens. This is even more so when the little that has been advanced so far has come due to journalistic leaks and scandals involving a political-business class that no longer needs revolving doors to connect their shared loft. To prevent a handful of cosmetic measures from trying to cover the stench that comes out of those sewers, it is essential that civil society take the leading role in this fight and mobilizes decisively for fiscal justice and the distribution of wealth, with campaigns to point out and boycott these companies and billionaires. In this sense, the Apple store occupations campaign that Attac France carried out a few years ago is as interesting as it is inspiring. Protests against and denunciation of the firms, consultancies and banks that operate and are necessary intermediaries in tax avoidance and evasion would contribute to damaging the corporate image of these multinationals, precisely one of their main assets in these times of liquid capitalism.

### **What does the debt appeal say?**

We know that the medical, social and economic emergency of the Coronavirus pandemic requires an urgent and immediate response. In fact, billions of euros have already been mobilized for this purpose, which is fattening an unaffordable debt for the states and which is hampering the ability to face this situation. For this reason, we believe that it is essential that the European Central Bank (ECB) cancel all the debts of the member states intended to fight the causes and effects of the pandemic or, failing that, that they be transformed into "permanent debt" unrelated to budgets. current. Meanwhile and as a form of pressure for this measure to be carried out, we propose the unilateral

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non-payment by the states, as well as a citizen audit of the debt as a whole with a view to the repudiation of the illegitimate part. Debt remains one of the key elements in understanding the EU crisis. A true straitjacket for southern countries with which it is essential to break if we want to change Europe.

### Who are the signatories?

Initially, the manifesto was signed by 45 personalities from the trade union, social, political and intellectual world of various European countries. Among the names we find for example Susan George, Eric Toussaint, Christophe Aguiton and Eleonora Forenza. Since the launch, we have received dozens of new signatures from various countries and policy areas. In the next steps we will open support to organizations and the general public. And beyond the names and their number, the reception we are receiving from countries in the north of Europe is important, many of them are considered as "frugal" so we are contributing to breaking this false north-south division of Europe. that hides the common interests of the elites of all countries faced with the necessary bridges and shared agenda that must be raised by the popular and working classes from the four cardinal points of Europe.

### Do you have a calendar?

During the summer we will close the collection of this second phase of signatures, after which we will assess how to proceed according to the support received and the health situation. The idea would be to propose some type of meeting, face-to-face or telematic, in the autumn to continue advancing more chorally and to rebuild ties between organizations and spaces in struggle.

### As an anti-capitalist MEP, what is your role in the European Parliament?

Our first function is to note and contribute modestly but decisively towards breaking the enormous and solid consensus that exists in Parliament and in the European institutions in general on many issues: the role of Europe in the world, the inability to conceive the economy or society through different market mechanisms or the supposed values that the EU "contributes" to humanity with its external action, among many other issues. The Grand Coalition of social liberals and Christian Democrats that has traditionally co-governed the European Parliament and most European countries has expanded to include liberals and a good part of the Greens today, while reaching out to the reactionary right which is ever more Euro-reformist. All this forms a nucleus of power that is very robust and perfectly aligned with the rest of the European economic and political elites. Our first task is to break the fence that tries to make our statistically minority positions even more minority. The problem is that, even within the left, there are those who consider that this is done by integrating at any cost into the consensus of that extreme centre of the neoliberal Grand Coalition.

Our second role, and this is common for any anti-capitalist in any institution, is not to succumb to the charms and dangers of an institution like the European Parliament. Not only because of the risks of getting comfortable or getting infected by the classism, cynicism and arrogance that mark this institution and against which you have to be vaccinated on a daily basis, but because there is a real danger of getting caught in the parliamentary game, thinking that it is the most important thing, consuming the bulk of scarce resources that, however, must be put on other fronts. Being aware of your minority position is essential not to make the seat in the parliament an end in itself, but rather a lever to work within, but above all outside Parliament, driven by proposals and movements that clash head-on with the logic and interests of the really existing EU. .

### How do you conceive it?

In the first place, the question, and therefore the answer, must be formulated in the plural: we, as Anticapilistas and

as an international current, conceive of institutional work as one more front, important, but not indispensable, and especially sterile if it is not supported by an organized and struggling social movement outside the institutions. Accompanying these struggles, giving them support and learning from them, articulating political and social action, or contributing to their take-off, is a fundamental part of our conception of institutional work and of our role therein. Furthermore, an institution such as the European Parliament provides two more interesting elements: an enlarged territorial perspective, on a European scale, and a temporal perspective that allows anticipating some attacks by capital that soon impact at the national and local scales. Having a presence in that institution is useful in order to locate other actors and establish alliances, and to prepare the ground for new battlefields.

### **After the failure of the strategy of the Syriza leadership nucleus in Greece, is the participation of Unidas Podemos in the Sanchez government continuing along the same lines? Or is it different?**

The Greek experience is, or should be, the great political lesson of the late period. We can in fact establish a watershed within the European left according to how they interpreted and positioned themselves then and since with respect to Syriza's experience of government. The fundamental strategic differences that have ended up crystallizing our exit as Anticapitalistas from Podemos are intimately connected with the discussions that we already had during the situation in Greece in 2015. In the Spanish case, as Anticapitalistas we were very clear that entering a minority in a

government led by social-liberalism had many risks, but mainly three: 1) revitalizing the PSOE as an actor of change despite the fact that the 15M cycle had as one of its main axes the challenge to bipartisanship and its policies, of which the PSOE is a fundamental pillar and the great "state party" in the Spanish state; 2) aging and deactivating Podemos as a transforming force, confining it to the institutional sphere, subject to the majority of the social-liberal government; and 3) giving to the right and to the extreme right the monopoly of the opposition and the potential channelling of the unrest that derives from the management of the new crisis that is already here. It would have been easier to support from outside the formation of a minority government of the PSOE and continue to oppose inside and outside the Spanish Parliament, with the movements and without the current commitments derived from being part of the government.

### **You are also launching a campaign for the nationalization of various strategic sectors? Such as? Big pharma? Energy? Banks? Others?**

This pandemic has exposed the shame of capitalism. The insufficiencies of capitalism to meet the challenge of protecting the popular classes and safeguarding lives have been demonstrated. These are times to analyse the consequences of continued years of cuts to the public. The right to health has been curtailed by neoliberal policies. And the cost of this pandemic is not only economic, but above all amounts to hundreds of thousands of lives.

The pandemic has also exposed the nakedness of "the emperor" of European neoliberalism. In the midst of a viral crisis, we saw that in Europe there was no way to manufacture the necessary emergency equipment to combat Covid-19, as a consequence of years of relocation and deindustrialization. Europe needs a reindustrialization in line with a change to a socially and ecologically just production model. The economy has to be at the service of life, and not to fatten private profits. It is undoubtedly one of the great lessons of this crisis. For this, we need the nationalization of strategic sectors under social control to ensure the common good. For this reason, as Anticapitalistas we have launched a campaign of agitation and propaganda about the need for the nationalization of strategic sectors and a change in the production model, with different concrete proposals such as the case of the factories that Nissan intends to close in Catalonia.

Capitalism is on a long depressive wave, caused by a profitability crisis, the main cause of which is the downward trend in the rate of profit. Faced with this permanent difficulty in achieving take off, capitalism has sought a way out, as it has been systematically doing, through the intensification of human and natural exploitation in a process of

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permanent devaluation of work and degradation of the biosphere. Thus, it will be the ecological crisis that introduces, as it is already doing, new limits to capitalist developmentalism, but also new limits to transformative cycles and their strategies. In this sense, it is essential to build a new militant solidarity-based internationalism that can construct an eco-socialist project that responds from different contexts and regional particularities to the common challenge of facing a post-capitalist scenario.

*PS:*

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