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Europe

Contribution for a European action programme to meet the crisis.

- Fourth International resolutions - Theses and common resolutions -

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This contribution on the content of a European action programme was first put forward and discussed at a meeting of representatives of the European sections of the Fourth International in October 2011. It has been discussed at subsequent meetings until it was approved in this form in March 2013 to be put forward as a contribution to the necessary discussion in the European social movements fighting back against austerity on the programme necessary to meet the crisis

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1) The crisis worldwide

Today's crisis has its roots in the attempt to restore the rate of profit in the mid-1970s, after the end of the long post-war boom, to tackle the growing crisis of over-production that had replaced it. A vast amount of credit was made available alongside the radical deregulation of the banking system and the wider economy, and massive attacks on the trade unions and basic rights.

The result was two and a half decades of casino capitalism under Reagan and Thatcher in the 1980s and a speculative bubble which turned into a catastrophic banking crisis when the US sub-prime mortgage market, where the most reckless lending regimes were located, collapsed.

The current crisis (the biggest since the 1930s) broke in the summer of 2007 when the US investment bank, Bear Stearns, reported huge losses on the US sub-prime mortgage market. A year later, in August 2008, two gigantic US-government backed mortgage lenders, Fannie Mae and Freddie Mac, collapsed. Since they were too big to be allowed to fail they were nationalised by US Treasury Secretary Hank Paulson.

A month later (in September 2008) Lehman Brothers – the fourth biggest investment bank in the US and the one most exposed to sub-prime mortgage losses – collapsed and was allowed to go to the wall. When this was followed by AIG – the world's biggest insurance company – the implications of letting it go to the wall were clear to US Treasury Secretary Paulson and he nationalised it with an injection of \$150bn.

These nationalisations were hugely controversial, but the “leave it to market forces” option – which had been the approach of the US and British governments during the first years of the 1930s slump (in the period before the second New Deal) – was seen as too dangerous to contemplate. It had resulted, at that time, in a wave of protectionism and mass unemployment (10m in the USA), which was only overcome by the Second World War and the reconstruction that followed.

Today's crisis is a systemic crisis of the capitalist mode of production itself, and not a cyclical phenomenon or business cycle. What makes it more enduring is its dual character. It is a crisis of the economy and the ecology of the planet. If the ecological crisis was not clear enough before the new revelation in September 2012 that Arctic thaw has smashed all records and that the North Pole could be ice-free by 2030, it should be now. This is not only a massive landmark in the process of global warming with all its consequences, but a defining moment in human history.

The dual nature of the crisis was directly reflected in rising world commodity prices – in particular energy and food. The price of oil and gas has dropped temporarily because of the onset of the crisis but its long-term trend is sharply upwards – driven by peak oil and demand from the emerging economies.

Food and commodity prices were a decisive factor in the emergence of the Arab Spring in 2010. The Arab revolutions, including Tunisia, cannot be understood if you forget their origins in the 2008 crisis which led two years later to a huge increase in the prices of staple goods.

State intervention saved capitalism in the first phase of the crisis in 2007 and 2008 by the nationalisation and massive “re-capitalising” of the banks alongside the introduction of limited stimulus into the economies. Governments across Europe, however, quickly repackaged the banking crisis and private debt as public debt and set out to make the working class pay the bill through the imposition of massive austerity programmes of cuts in welfare and living standards. They began using the debt as an ideological weapon to beat down opposition to austerity and to argue that there was no alternative but to massively cut public spending and privatise public assets.

2) Meltdown in the EU

Since the end of the post-war boom the EU has been the central project of the core sections of the European bourgeoisie in their drive to compete more effectively with rival economic power blocks. This required the creation of a single deregulated market (the largest in the world) and the full implementation of the neo-liberal agenda.

The impact of the global recession on the EU, however, has been dramatic. The deep contradictions, which have existed in the EU since the launch of the Euro and before, have been compounded by the world recession. This has thrown both the Eurozone, and the EU itself, into a crisis of existential proportions. This crisis continues unabated.

under conditions where a collapse of the Eurozone would be a catastrophic event for the world economy.

These contradictions are rooted in the deep inequalities that exist between the 17 Eurozone Member States and the inability of the EU, due to the Stability and Growth Pact (SGP), to conduct effective fiscal policy – or to make fiscal transfers between its Member States in the way the USA is able to do amongst the states of the USA. The SGP, which limits annual budget deficits to of 3 per cent of GDP and the national debt to 60 per cent of GDP, was designed to ensure that efforts to stabilise the EU at a time of crisis would be dealt with by supply side austerity, cuts in public services, and attacks on the working class. This mechanism itself collapsed as the crisis developed when Germany and France took the leading role in ignoring it and it had to be reasserted.

By the summer of 2011 the most debt-ridden Eurozone Member States - Italy, Greece, Portugal, Ireland, and Spain - had been forced, by the EU and the IMF, to accept increasingly draconian austerity packages in an attempt to save the Euro Zone from collapse, at their expense. Greece, Ireland, Spain and Portugal all received massive bailouts from the EU and International Monetary Fund (IMF). These countries stood on the brink of debt defaults that could have triggered a renewed crisis across the banking system potentially greater than the sub-prime crisis of 2008.

3) The paralysis of the EU elites

A striking feature of this crisis, after four years, has been the inability of the European elites to have any significant affect the course of events. Nineteen EU crisis summits over the past four years have produced nothing. The crisis is as acute now as it was at the start.

In May 2012, attempts were made, at the G8 Summit, to reconcile the mutually contradictory strategies of the need for growth and jobs with austerity and so-called “fiscal responsibility”. Germany opposed further bailouts, while François Hollande wanted to collectivise the debt with issuing of Euro-bonds. Both wanted to save the Euro, but for different reasons. Merkel wanted to keep an under-valued Euro in relation to the German economy in order to subsidise German exports. France wanted to protect its banks, which were dangerously exposed to the Greek debt. They all wanted to prevent contagion spreading from Greece to Spain and elsewhere, but could not agree on how to do it. All they could agree was that that the system has to be rescued by making the working class pay for the crisis.

A year ago, in the June 17th 2012 elections, Greek society was clearly reaching breaking point. The narrow victory of the pro-Memorandum parties on June 17th against a remarkable challenge from Syriza, however, resolved nothing for the Greek bourgeoisie or the EU elites. The new coalition behind ND and Antonis Samaras was a collection of deeply discredited parties committed to implementing the Memorandum at all costs

The EU elites do, however, have a more immediate imperative than European integration. That is to impose a crushing defeat on the Greek working class to use this as a “shock tactic” example to the rest of Europe.

With the enforcement of the last agreement of November 2012 Greece is experiencing a deeper crisis from the collapse caused by the policy of austerity of the European Union and the diktats of the Troika (EU, IMF, ECB). It is marked by social destruction unprecedented in Europe since the Second World War. The country has been demolished. The popular classes are being bled dry: the official unemployment rate is nearly 30 per cent, wages have been cut by 30-40 per cent, or even more, hospitals are without medicines, which are overpriced or sold on the black market. In Athens thousands of shops have closed down. What remains of social legislation is in the process of being dismantled. The whole of southern Europe is being attacked, but on the scale of austerity-driven destruction Greece arrives at the top, ahead of Portugal and Spain. So we must take stock of the process of dislocation that Greek society and the Greek economy are experiencing. Greece is at the centre of a new confrontation between the

central powers of the European Union and its periphery.

Despite all this, the Greek people live, survive and resist. Social and political fatigue is making itself felt, after 29 days of national strikes since the beginning of the crisis, but the mobilisation is there, with its potential, but also its difficulties. The last strike on 20 February was still very big. The trade union movement is resisting. But there is now a race against time with the neo-Nazis, both in the working-class districts and in defence of immigrants. Beyond social struggles, it is everyday resistance and basic solidarity – food, health... – in neighbourhoods, villages, families that allow the popular classes to survive.

This means that we have to step up solidarity with Greece in order prevent its isolation. If the Greek working class is defeated, and its resistance to austerity crushed, capitalism will eventually be able to get out of the crisis by imposing a new harsh new conditions based on low wages, flexible working, and minimal public services.

4) Austerity governments under pressure

With the Eurozone and the UK in recession, the German economy shrinking, and France flat-lining it could hardly be clearer that the crisis is deepening. Moreover popular support for austerity – the argument that there is no alternative but to pay the debt by cuts – is losing ground. The usual remedies to prop up capitalism offered by traditional parties of the centre left and centre right increasingly lack credibility

Despite this, the failure of the austerity approach to halt the crisis or reduce the debt is being repeated across the EU, including in Italy, the fourth largest economy in the EU. Many of the parties that have been implementing austerity, whether centre-right or social-liberal, are experiencing problems as they face elections. It was the case in France where Sarkozy was defeated even if the social-liberal government of Hollande is driving the same liberal policy.

In Italy, the general elections of March 2013 were a slap in the face for the European Troika and its candidate Monti, and a failure for all the traditional parties. In Spain right-wing People's Party Government is facing serious problems. It faces continuing strikes and mobilisations against austerity. Its economy, the fourth largest economy in the Eurozone, is close to breaking point. Its flight of capital is now worse than that experienced by Indonesia, one of the hardest hit countries during the Asian crisis in the late 1990s. Like Greece it has over 20 per cent unemployment with over 50 per cent amongst young people.

In Germany Merkel is facing an election in 2013, after the loss, since 2009, of four of the main lander for the profit of the Green/SPD coalition. In Britain, Labour already looks like the most likely winner in 2015. The British economy is now in a double-dip recession and with over 40 per cent of exports to the Eurozone it is unlikely to change.

Despite this pressure on the centre-right however, resistance to austerity EU-wide remains inadequate and the trade unions in most countries passive or worse. Massive attacks continue on the working class at all levels: living standards, job security, pensions and welfare.

5) An ecosocialist response to the crisis

The radical left has a responsibility to present a clear alternative and a clear explanation of the crisis from an ecosocialist perspective, if we are to help the resistance to crystallise into a political alternative. It means

campaigning around a radical alternative programme whilst explaining that cuts and austerity will only worsen the crisis and accelerate the drive to recession.

Our starting point must be the rejection of all cuts and austerity and to work in every country across Europe to maximise resistance on the broadest possible basis. The Europe against Austerity conferences in London in October 2011 and 2012 were good initiatives in the development of a Euro-wide response to these attacks. We must build strongly on these initiatives.

Our overarching alternative is for investment not cuts to meet the crisis. We call for massive investments by governments in public works programmes to create large numbers of new green jobs designed to construct an environmentally sustainability society. Whilst calling for such investment we reject the capitalist obsession of year on year growth. This is both socially undesirable and environmentally unsustainable. We reject the perverse capitalist logic that people always need more commodities irrespective of what they already have, which is driven by the thirst for profit. We call for a rise in the quality of life rather than in quantity of things people possess, for an abundance of free time rather than abundance of unnecessary commodities.

We call for big increase in investment into renewable technology and crash programmes to construct a renewable energy infrastructure and to improve energy conservation. We call for the insulation of the housing stock and public buildings and the construction of sustainable (and free) public transport systems. The demand for the creation of millions of green climate jobs in order to directly address global warming, already raised in Britain, should extend across Europe, and such work should be carried by workers directly employed by the governments themselves. If trillions of Euros can be given to the banks the money can be found for public works aimed at creating large numbers of green jobs and a low carbon infrastructure.

We call for radical change in the way the wealth of society is distributed. The share of wealth going to wage earners continues to decline while the share going to the wealthy continues to escalate. This is completely unacceptable. We therefore call for the imposition of much higher taxes on the rich and on big business. We call for the bonuses of the bankers to be abolished, for the wages of the mass of workers to be increased, and precarious work conditions abolished.

We call for a tax on all financial transactions including short-term investments. This must be used not to bail out banks but to provide massive investment, in a nationalised framework, into a green infrastructure. Such a tax would not only create jobs and increase purchasing power but it would generate the resources necessary to maintain a range of socially necessary services and benefits currently under attack including welfare, pensions, education, childcare, health care and social services.

At the same time we call for working hours across Europe to be reduced without loss of pay. This would rapidly reduce unemployment, create large numbers jobs, and enhance the quality of life of the population.

6) The impact of the crisis on women

Women are forced to bear the harshest burden of the crisis worldwide. Women are the most intensive users of the public sector, particularly childcare and health facilities. Cuts and privatisations of such services increase the double burden most women face. Furthermore women's place in the labour market is often dependent on the existence of such services because of the sexual division of labour in the family; without free or affordable child care women may either be forced to leave paid employment or to work in even more precarious, antisocial and low-paid jobs. They are also a large proportion of the employees in these sectors. This is why in many European countries women's

unemployment rates have started to rise for the first time in several decades.

Fighting for women's right to control their fertility and campaigns against violence against women are also increasingly important in the current economic and social crisis where reactionary forces are attacking women's rights.

7) Our approach to the debt

We reject, as a first principle, any responsibility for the crisis or for the debt. We resolve to challenge the debt in each country by calling for debt audits. Such audits can uncover the sources of the debt and the terms under which they were made. They can identify illegitimate debts and demand that those responsible be held publicly accountable. They should ask not only whether the debt can be paid but whether it should be paid at all. Citizen participation in this process is essential in order to ensure the objectivity and the transparency of the process.

In the so-called peripheral countries of Europe, which are at the epicentre of the crisis and are faced with punitive EU/IMF imposed austerity programmes and economic meltdown, we call for debt repudiation and default with debt audits used to facilitate that process. In the core economies (such as Britain and France) debt audits should be used to raise consciousness of the role and nature of the debt in preparation for a future more acute state of the crisis rather than to call for immediate defaults, which would not currently be understood by most people.

8) Demands

Today, demands that, in the boom years after the war, appeared to be mildly reformist, such as nationalisation of the banks and programmes of public works, today take on an anti-capitalist dynamic. We therefore advance the following demands:

- * Repeal the Maastricht and Nice EU treaties;
- * No to all cuts and privatisations;
- * Nationalise the banks under democratic and popular control;
- * Nationalise bankrupt industries under workers' control to preserve jobs and reorganise production;
- * A tax on all financial transactions, to be used for green investment;
- * A crash programme to construct a sustainable, publicly owned, energy infrastructure based on wind, wave, and solar power to create millions of new jobs in manufacture, construction and engineering;
- * A crash programme to insulate housing and public buildings to conserve energy;
- * For a major programme of job conversion to socially useful production for industries such as car manufacture;

- * For a sharply progressive tax system which would impose much higher taxes on the rich and the corporations;
- * Open the books of both the financial and industrial companies to prevent the use of the crisis to force through redundancies and closures;
- * for a minimum wage assessed in each country of the EU allowing the same and good standard of life for workers and maximum working hours (30 hours per week), for an upward harmonisation of living standards, for transfers out of an increased EU budget to less developed member states in order to make such a development possible;
- * For shorter working hours without loss of pay to create jobs;
- * Halt the attack on wages, working conditions and pension rights;
- * For free and sustainable public transport systems;
- * Stop imperialist wars, cut military spending;
- * Break the power of agribusiness and the stop the speculation in food;
- * Break the power of the supermarkets and protect the small sustainable producers;
- * Halt all house re-possession for mortgage arrears.

9) For a different Europe

In Greece in particular the issue of leaving the Eurozone or staying in has now been placed at the centre of the stage by the severity of the crisis. In fact the EU ruling elites themselves now see little chance of the Eurozone surviving this crisis, at least in its current form, and are prepared to see Greece go.

We should make clear that whilst we do not call or campaign for Greece or any of the “peripheral countries” to leave the Euro or the EU we cannot defend the integrity of either of these anti-working class institutions. The working class in Europe has no stake in either the Euro or the EU. They are both neo-liberal set-ups designed to increase the exploitation of the working class and as such they are a part of the problem not the solution. They are demanding the immiseration of the populations of Greece and the “peripheral countries” in order to attempt to stabilise the Euro. They are designed to manage the crisis in the interests of capital by whatever means necessary – not as frameworks for developing progressive policies.

The EU is clear a supra-national construct designed to help the individual Member States to more effectively take on their own working class. The Euro was never simply a currency but a political instrument designed to cut wages and destroy welfare systems – in other words create a bosses Europe.

The EU has a long-term democratic deficit that is getting worse. Every Treaty since the Single European Act of 1986 has degraded it further. The European Parliament was established to give the impression of a democratic structure, which did not exist. Power in the EU lies with the Council of Ministers and the Commission - neither of which are

elected bodies. They are dominated by the biggest and most powerful countries, meet in private, and cannot be challenged through the structures of the EU.

In our critique of the Euro and of the EU itself, however, we give no ground to the rightwing forces that advance a nationalist xenophobic and racist objection to them. We oppose their view at every stage and advance instead a working class and a socialist critique of the EU designed to challenge its neoliberal core and anti-working class structures.

We are pro-Europe internationalists. We call for a real internationalism. We call for the repeal of the Maastricht and Nice treaties which lock-in the EU's neoliberal agenda. We call for a different Europe, a Europe of the workers and the peoples, free from such structures and restrictions which would allow the working class of each country to challenge their own ruling classes more directly than they can under the current EU set-up which seeks to support the employers and serve their interests at every stage.

Our task is to wage the class struggle as effectively as possible whilst striving for the maximum international solidarity through the construction of links between both trade unions and social movements across Europe and beyond.

10) Nationalisation

This approach to the crisis implies a planned and coordinated approach to the crisis, which can only be met by a programme of nationalisation. This should start with the nationalisation of the banks and of bankrupt industries with the participation of, and control by, workers and consumers. It should also apply to other critical sectors such as housing, energy, infrastructure, pension system, education, and health.

Nationalisation is also central to any debt default. Without full control and ownership of the banking system a debt default could well lead to a freezing of credit, deeper recession, and big losses to workers' pensions since the majority of a country's debt is held by domestic banks and domestic pension funds. Taking banks under public control and ownership is crucial in order to nullify a credit crisis in defaulting nations and provide resources to cancel and write off large parts of the debt in major economies. Financial resources could then be directed towards useful, green, planned investment.

Nationalisation does not equal socialism, of course, but it does provide a practical way to defend jobs and opens up a space in which socialist ideas can develop. The nationalisations of 2008 were carried out in order to socialise risk and bail out the creditors, and with the intention of handing them back at a later date. Some were simply government majority shareholdings, which can be sold off at any time, and meanwhile managed "at arms length" from government. We should welcome them as far as they go, as better than leaving it to market forces – but we should call for workers' control.

We advance the necessity to organise an ecosocialist and democratic Europe: other supranational institutions; other relationships between local and regional decisions and national or supranational decisions; other mechanisms of decision and control; the redirection of the economy towards fulfilling the needs of ordinary people (regional circuit economy), away from an export orientation; the strengthening of the commons and the implementation of basic mechanisms of planning, starting from a local level.