

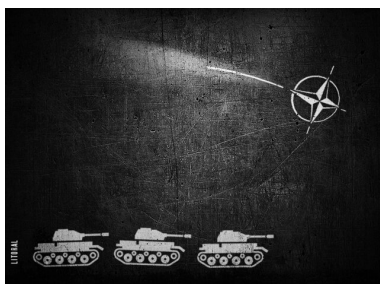
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Europe

# For a different economic policy in response to the far right and Trump's offensive

- Features -



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**Éric Toussaint was interviewed by Antoine Larrache for Inprecor magazine on 5 November 2025.**

**Antoine Larrache: Could you provide an overview of the European Union's economic situation in comparison to the global market?**

**Éric Toussaint:** The countries of the European Union, including the United Kingdom, are currently facing significant challenges. Firstly, economic growth is close to zero. While we do not advocate for growth in the traditional sense, it presents a considerable issue for European capitalists when growth hovers around zero.

The EU faces a disadvantage compared to two major economic powers: China and the United States. China's technological edge enables it to excel in trade with Europe, allowing it to offer products at lower prices than those produced within the EU. This situation is evident in sectors such as electric vehicles, solar panels, and computer equipment. Additionally, the EU lags behind the United States in technology, particularly in artificial intelligence and various other services.

The EU and the UK situate themselves at a disadvantage compared to the economic power of the United States, which employs various strategies, including customs tariffs. Europe accepts US leadership in political and military matters, as well as the challenges and provocations posed by Trump in trade and economic issues. Ursula von der Leyen's meeting with Donald Trump at his Scottish golf course exemplifies this dynamic. Furthermore, the concessions she made on behalf of the European Union, akin to those made by the British government during their discussions with

Furthermore, it is important to note that both the United States and Europe, including the European Union and Great Britain, which previously championed free trade and the World Trade Organization (WTO), have now pivoted towards protectionism in response to competition from China. Nevertheless, Europe is actively negotiating free trade agreements with countries in the Global South, such as those in Africa or Mercosur, leveraging the advantages it has managed to retain. Consequently, the EU is blending its protectionist stance towards China with free trade initiatives directed at countries that face competitive disadvantages, particularly in terms of technology.

There is a clear link between Europe's acceptance of American leadership and its commitment to increase military spending to 5% of gross domestic product. The arms industry is currently the most "flourishing" sector in Europe. In certain industrial regions, arms companies are making new investments, a development that has not been seen in the metallurgy sector for an extended period. Conversely, in areas such as electric vehicles, Europe is significantly lagging behind, allowing China to gain market share.

**Antoine Larrache: Do the European Union and its leading countries aspire to engage in international competition, attempting to catch up with other blocs, or have they conceded defeat?**

**Éric Toussaint:** I believe they are conscious of their perceived inferiority and are merely attempting to mitigate the damage. This awareness further fuels their inclination to exploit the remaining advantages they hold over Southern countries, which are often less technologically advanced and rich in raw materials. However, even in this context, particularly on the African continent, European nations are evidently falling behind China. Additionally, there is a new initiative from the United States, which appears to be gaining an edge over European capitalists in the realm of

natural resources. This situation is exemplified by the agreement between Rwanda and the Democratic Republic of Congo facilitated by Trump in August 2025, which secures US access to natural resources in eastern Congo, as well as the agreement between Zelensky and Trump regarding natural resources in April 2025 [1]. Meanwhile, European nations are ostensibly “assisting” the Zelensky government through debt, with the hope of subsequently benefiting from certain debt relief measures for Ukraine in exchange for increased access to its arable land and natural resources; however, Trump has preempted their efforts.

**Antoine Larrache: Do you believe that this profound sense of inferiority contributes to the rise of the far right? Is a section of the ruling class distancing itself from the European Union in favour of more protectionist policies?**

**Éric Toussaint:** The rise of the far right is a phenomenon observed globally, although it manifests under varying conditions compared to Europe. Therefore, the fundamental reasons for this rise cannot be attributed solely to the specific context of the European Union. The economic downturn in the United States has led to a rise in far-right proposals and increased protectionism, as seen in Trump's slogan “Make America Great Again” (MAGA) across the Atlantic. In Europe, the ascent of the far right is largely linked to the precarious nature of working conditions and the decline in living standards, which is often erroneously blamed on migrants. Furthermore, disappointment and confusion stemming from the traditional left's policies fuel the far right's appeal, as it positions itself as a radical departure from the past.

**Antoine Larrache: The far right in Europe has historically opposed the European Union. Do you believe this stance is shifting?**

**Éric Toussaint:** The situation has already changed. This is particularly evident in the case of Marine Le Pen, who previously opposed the euro but has now adopted a pro-single currency stance, primarily to secure the backing of French big business. The French business sector that directly supports the National Rally would not have offered their support had Marine Le Pen continued to hold her anti-euro position. Giorgia Meloni has made a similar choice.

Most European far-right parties have shifted away from their previous opposition to the European Union. While they continue to voice criticism, particularly through demands for stricter and inhumane migration policies, they are fundamentally aligning themselves with the EU. In this context, Meloni's group has forged a pact with Ursula von der Leyen, securing a position as Executive Vice-President of the European Commission [2] along with three committee chairmanships [1]. This development is significant, as the committees obtained by Meloni's European parliamentary group—namely agriculture, budget, and petitions—will play a crucial role. Consequently, a committee led by far-right leadership will now oversee petitions from the European populace, including efforts to initiate referendums.

This is unprecedented in the European Union since the Second World War. The new legislative term, which began in June 2024, symbolises a shift that strongly emphasises the European Commission's move to the right. [2]

**Antoine Larrache: So, for you, there is an attempt to merge the interests of a significant part of the bourgeoisie in the European Union with the programme of the far right.**

**Éric Toussaint:** Yes, it depends on the country, but overall, that is absolutely the trend.

**Antoine Larrache: This highlights the significant challenges that Macron's Renew movement faces, as it aligns more closely with classical liberalism.**

**Éric Toussaint:** I concur with your assessment. In examining the election results, it is evident that Macron's Renew group experienced a significant defeat at the European level in June 2024, suffering a loss of 21 MEPs and declining from 98 seats to 77. [3]. Nevertheless, Macron and the other parties within his group in the European Parliament had already been making noticeable concessions to the far right.

The parliamentary groups that made the most significant gains were those on the far right. Marine Le Pen's group secured an additional 35 MEPs, largely due to the backing of Viktor Orbán's party. Additionally, Meloni's parliamentary group increased its representation by nine MEPs.

The largest parliamentary group in the European Parliament remains the European People's Party, comprising parties such as the Spanish PP and the CDU-CSU in Germany, alongside Ursula von der Leyen's party, with a total of 188 MEPs. This team is followed by the Socialist Group, which holds 136 MEPs. However, when we combine the three far-right parliamentary groups elected in June 2024—the European Conservatives and Reformists (ECR), which includes the group around Giorgia Meloni with 78 MEPs [4]; the Patriots of Europe group led by Marine Le Pen and Viktor Orbán with 84 members [5]; and the Europe of Sovereign Nations group, formed around Germany's AfD, which has 25 members [6]—the far right claims second place in the European Parliament with 187 MEPs, just one MEP lesser than the European People's Party group. [7] In contrast, Macron's Renew group holds 77 seats, while the Greens have suffered a loss of 17 MEPs, decreasing their representation from 70 to 53 seats in the European Parliament. It is worth noting that the Greens support Von der Leyen.

The Socialist Group, Renew, and the Greens, all of which are losing support, back the European Commission, which is increasingly shifting to the right. As mentioned earlier, the Greens lost 17 seats in the most recent European elections. Following the June 2024 elections, the Italian Five Star Movement sought to join the Greens' group, but their request was denied because the Five Star Movement does not endorse NATO. Consequently, the Five Star Movement aligned with and bolstered the so-called radical left group (The Left), comprises 46 MEPs from various parties, including LFI in France; Podemos, EH Bildu, and Sumar in Spain; the Left Bloc and the PC in Portugal; the PTB in Belgium; Sinn Féin in Ireland; Syriza in Greece; and others.

In Belgium, big capital has found a champion in Prime Minister Bart De Wever, leader of the Nieuw-Vlaamse Alliantie (New Flemish Alliance, N-VA) party. This party is a member of Meloni's group and aligns with the far right, furthering capital's attacks against labour. Notably, in Flanders, Vlaams-Belang emerged ahead of the N-VA in the European elections. Vlaams-Belang (VB) is considered neo-fascist and belongs to the group led by Marine Le Pen and Viktor Orbán. Consequently, two far-right parties are at the forefront in Flanders, with one of them heading the federal government. It is evident which direction big capital is leaning. On the French-speaking side of Belgium, the main traditional right-wing party, the Reformist Movement (MR), which is a member of Renew at the European level, has adopted a stance very close to that of the far right, enabling it to occupy the latter's territory.

If we examine different countries, it becomes evident that the direction of big capital is distinctly aimed at diminishing the influence of sectors that embody traditional right-wing options. This shift favours an extreme right-wing orientation within these political formations, as well as the rise of independent groups such as RN, Vox, Chega, and VB, which are positioned even further to the right than these traditional entities.

**Antoine Larrache:** And could you summarise the far right's program at the European level in a few key points?

**Éric Toussaint:** I do not believe they have yet managed to agree on a common programme; it closely aligns with Trump's approach. For instance, they favour negotiating with Putin and making significant concessions, which indicates they do not entirely share the European Commission's dominant stance in the Ukraine-Russia conflict. Additionally, there is a push for implementing more substantial protectionist measures. Far-right parties are

attempting to emulate Trump's MAGA strategy by demanding that European companies repatriate a portion of their production to Europe. This will likely lead to tensions among parties in different countries, as national dynamics will drive them to prioritise their own territories, influenced by national interests rather than a unified European vision.

The economic and political programme of the European far right aligns closely with that implemented by Trump in the United States and on the international stage. This alignment extends to immigration policies, where the far right endorses the harshness of Trump's approach and advocates for the European Commission and national governments to intensify their already inhumane policies. A notable area of agreement among various far-right parties, the Commission, and most European governments is their endorsement of tax breaks for the wealthiest individuals and large corporations, coupled with a significant increase in military expenditure.

**Antoine Larrache: We are witnessing the dismantling of public services and social protection, and an increase in debt. How do you see these issues evolving?**

**Éric Toussaint:** There has been a significant rise in both public and large private corporate debt. The working classes are also facing increased indebtedness due to the downward pressure on real incomes, affecting wages, benefits, and social allowances. As a result, working-class households are resorting to greater levels of debt to compensate for their loss of purchasing power.

Over the past 40 years, public authorities have responded to various crises by increasing public debt. In the 1980s, there was a sharp rise in public debt, prompted by the significant economic crisis of the late 1970s. This increase in debt was primarily due to a policy of high interest rates, which favoured big finance in a context where governments were selling their public debt to financial markets.

During the 2000s, the response to the banking crisis of 2008 involved a series of substantial bank bailouts, which significantly increased public debt. Additionally, there is what has been termed quantitative easing, which originated across the Atlantic with the US Federal Reserve as early as 2008. This was followed by the European Central Bank during the presidency of France's Jean-Claude Trichet and further amplified by his successor, Mario Draghi, from 2012 on. Quantitative easing entailed a massive injection of liquidity into the financial sector, accompanied by very low interest rates and a rise in public debt. Major private banks profited from this liquidity injection, as they borrowed at zero per cent from the central bank and then lent these funds to governments, given that governments are prohibited from borrowing directly from the central bank. Private banks charged 2 or 3 per cent to the dominant economies and 4, 5, or 6 per cent to peripheral countries, thus yielding considerable profits.

Then we had another shock with the coronavirus pandemic in 2020. These events led to an increase in public debt, because governments did not want to make the big pharmaceutical companies and GAFAM, which were profiting from the lockdown and the pandemic, pay. Instead of taxing super profits, governments preferred to resort to debt, following the slogan, "Whatever it takes." Public debt therefore continued to rise.

The shock of Russia's invasion of Ukraine in February 2022, coupled with the subsequent rise in energy prices and the impact of Western sanctions on Russia, resulted in increased energy bills and, for households, higher food prices. These developments contributed to a further rise in public debt, as governments once again opted not to impose additional taxes on private companies reaping super-profits in sectors such as energy, retail, and arms. The surge in public spending, which primarily benefits large companies and the wealthiest individuals, has been financed through public debt—a continuous source of income for these companies as they purchase debt securities.

Finally, the US Federal Reserve, the ECB, and the Bank of England decided in February–March 2022 to abandon quantitative easing and move to quantitative tightening, i.e., an increase in interest rates, a reduction in the injection

of funds into financial markets, and a reduction in the balance sheets of these central banks. This leads to an increase in interest rates: in Europe, they rose from 0% to 4.5% in 2023, then fell, and in November 2025, the ECB's key interest rate stood at 2%. In the United States, the Federal Reserve raised its rate, which was still at 0% at the beginning of 2022, to 4.75% in 2024. The result has fallen slightly recently, to just under 4%. The increase in interest rates from 2022 onwards had a very significant effect on the cost of refinancing public debt. The burden of public debt repayments increased sharply. This widened the public deficit as governments continued to give gifts to capitalists.

Governments primarily responsible for the rise in public debt are once again arguing systematically that this debt has reached unprecedented levels and is becoming unsustainable for the budget. They have exacerbated public debt by refusing to hold the large companies that profited from the crises engendered by capitalism, as well as the major shareholders who continued to amass wealth, accountable for the costs associated with those crises. I have mentioned Big Pharma and GAFAM, but there are also energy production and distribution companies, food distribution companies, banks, and arms manufacturers, all of which have generated substantial profits. The government has further inflated public debt by preserving tax breaks for the wealthiest and not increasing taxes on large corporations.

In 2025, France's public debt reached 114% of gross domestic product, Italy's was 138%, Greece's 152%, Belgium's 107%, Spain's 103%, and other countries were generally below 100%. A large majority of European Union countries are well above the 60% of GDP stipulated in the Maastricht Treaty. We all question the validity of comparing debt stock to GDP, but since this ratio is used by governments and the treaties governing the EU, it constitutes a means of measurement, however flawed it may be.

What is certain is that, contrary to claims made by the right wing, the rise in public debt is not due to excessive social spending, high civil service wage costs, or public investment aimed at combating climate change.

The increase in public debt results from two main factors: [8] a policy of escalating illegitimate spending, including public aid to large corporations and increased public orders to the arms industry and Big Pharma (particularly during the pandemic); [9] a policy of inadequate public revenue stemming from the refusal to tax the wealthy and their excessive profits.

The right wing, seeking justification to escalate austerity measures and undermine the achievements made since the Second World War, is exploiting this situation to advocate for increased cuts to social spending and public investment. This scenario is especially concerning in the context of combating climate change and addressing the ecological crisis.

They also took advantage of the situation to reduce development aid spending. We had no illusions about how development aid is carried out, but we realise that reducing it is not in the interests of the people of the South; when Trump shut down USAID altogether, it had disastrous effects on the health of millions of people in Africa who were receiving treatment for AIDS, for example.

**Antoine Larrache: Do you believe there is a risk of economic collapse, specifically the failure of states to meet their debt obligations?**

**Éric Toussaint:** The issue of debt is often dramatized— a distortion that must be addressed. We are not at risk of collapse or unable to meet our repayment obligations. From the perspective of the left, what is required is a government willing to declare, based on a citizen-participatory debt audit, that certain portions of the public debt are illegitimate or even odious, necessitating their cancellation. We advocate for a left-wing government that prioritises

the needs of the populace and implements substantial public investments aimed at combating the ecological crisis.

For instance, the European Central Bank currently holds nearly €3.6 trillion in public debt securities from eurozone countries [10], which constitutes just under 20% of each nation's public debt. Should the ECB decide to cancel these debts, it would result in a reduction of approximately 20%, thereby weakening the justification for implementing austerity measures. Furthermore, as long as the ECB remains the creditor for a substantial portion of the debt, it is able to exert pressure on progressive governments that seek to adopt anti-austerity policies.

In 2021, an international appeal for the cancellation of public debts held by the European Central Bank (ECB) attracted considerable attention. The opinion piece titled *Cancel the public debt held by the ECB and 'take back control' of our destiny*, published on 8 February 2021, appeared simultaneously in major media outlets across eight European countries on 5 February 2021.

See also: *Annuler les dettes publiques détenues par la BCE pour reprendre en main notre destin* (in french) and *Annuler les dettes des États détenues par la BCE: l'appel d'une centaine d'économistes* (also in french)

In December 2021, an international appeal revisited the same subject: *Call: Why Eurozone countries' debt to the ECB must be cancelled*, CADTM, 7 December 2021, signed by Éric Toussaint, Sonia Mitralias, CADTM Europe, Paul Murphy, Miguel Urbán Crespo, Andrej Hunko, Cristina Quintavalla, Manon Aubry, Leïla Chaïbi and others.

This is a critical issue when discussing alternatives. However, there are also the debts held by big capital, which purchases public debt securities. In this context, elected progressive governments should take measures to cancel or repudiate these debts. If the right wing remains in power, it will leverage the argument surrounding the level of public debt to implement increasingly harsh austerity measures. Such actions will not resolve the economic challenges facing the European Union; rather, they will boost the capacity of big capital to attack labour.

While it will not address the structural economic issues facing the European Union, the ongoing conflict between capital and labour will see capital gain advantages through measures justified by the necessity of making cuts to repay public debt.

Consequently, the matter of public debt is pivotal. Certain voices on the left assert that there is no issue of public debt, but I contend that the radical left should counter this overly simplistic perspective and recognise that a considerable portion of it is, in fact, illegitimate.

Yes, while the amount of public debt is not alarming, it remains significant and unjustified. This public debt must be reduced drastically. Such a reduction should not be pursued by hastening repayments; instead, it should involve largely refusing to make repayments and compelling big capital, which has consistently profited from the situation, to shoulder the burden of these debt cancellations. This strategy would liberate resources for an alternative policy approach and a new model of human development that upholds ecological balances.

### **Antoine Larrache: What are the key economic measures?**

**Éric Toussaint:** I believe that a left-wing program must fundamentally be grounded in people's lived experiences. This entails creating high-quality jobs that are both socially beneficial and significantly better compensated than they are currently, alongside improved working conditions. We require a radical reduction in working hours, accompanied by compensatory hiring, and an increase in real income. Furthermore, we need an entirely reformed fiscal policy, which includes a substantial reduction, or even the abolition, of VAT on a range of essential services, beginning with water and electricity, as well as a considerable increase in income and wealth taxes for the affluent. This plan also serves as a response, through revenue generation, to some aspects of the challenges posed by public debt.

## For a different economic policy in response to the far right and Trump's offensive

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There is a significant distinction when compared to a social democratic program: a tax justice program should not be used to repay illegitimate debts. If we increase revenue, it is to enhance legitimate expenditure and public investment aimed at improving living conditions in the context of combating the ecological crisis. The solution necessitates substantial investment in public transport, the gradual phasing out of nuclear power, and a variety of projects that also generate skilled jobs. We must increase spending on public services, leading to significant job creation, particularly in the health sector. It is crucial not to forget the lessons learnt during the coronavirus pandemic, which highlighted the importance of public health and underscored that private pharmaceutical companies do not adequately address the needs of the population.

We must transfer major sectors of the economy to the public domain through expropriation and socialisation. The energy sector must be expropriated and therefore become a public sector. Through expropriation, the banking and insurance sectors must be entirely under a public monopoly; they must be socialised. The same applies to the public health sector.

The European Union should repeal a series of one-sided treaties imposed on Southern countries – treaties that, under the guise of free trade, place them at a disadvantage – and implement a more equitable form of trade.

The relationship between the North, for example the European Union, and the peoples of the South must change, particularly in terms of migration policy. Reparations to the South and the return of the North's ill-gotten assets must replace development aid.

There is also the issue of the arms industry: the left must fight against increased arms spending and argue that the arms sector must also be transferred to the public domain and heavily regulated, with a view to disarmament, which requires international negotiations.

These are fundamental elements of a left-wing programme.

5 November 2025

Source: [CADTM](#).

PS:

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