The ‘future’ the bourgeoisie wants:

Back to mass poverty!

Another day, another worrying news item. One minute a sudden squall blows away the Dutch government’s oddly cherished triple-A credit rating; the next, the UK officially announces it is mired in – “double dip” – recession. That most distinguished of French dailies, Le Monde, carries a pre-May Day editorial headed “Spanish crisis rocks Europe”. Then the Greek people resoundingly toss out Papademos, the banker “democratically” inflicted on them as chief puppet in a government of marionettes. The first round of the Greek elections was certainly a powerful rejection of the austerity imposed by the bourgeoisie’s puny, misbegotten Europe.

Actually the bourgeoisie is in pretty poor shape, both as a whole and in each of its various national formations. The world crisis is far from over, in fact, it looks like getting worse. The bourgeoisie exploits it but suffers from it too, so they are trying even harder to get out of it safely – at the expense of working people, of course, since that is how they do things. So they impose wartime-style policies, on Greece at the moment, but soon on Portugal, Spain and the rest.

Each one in a shock sequence of devastating austerity plans has come with a cynical guarantee that it will finally solve the problem. But in all these countries – especially for working people – things are getting worse by the day. The awful debts are spiralling upwards, the exact opposite of what was promised. Bloodthirsty capital inflicts these “rescues” from behind a shroud of anonymity that also hides its servants and faceless, unelected and incompetent hangers-on lurking in the shadows of that self-perpetuating authority they loftily but misleadingly call “European Union”.

The Troika (European Commission, European Central Bank and
International Monetary Fund), helped and supported by world capital, simply impose colonial satraps on entire countries and dictate their policy. These local henchmen include at least two wily old hands from Goldman Sachs, the US bank notorious for greed and guile. Papademos in Greece and Monti in Italy were both parachuted in – neither of them by way of an election – to run puppet governments in the glorious name of democracy, the creed all these gentlemen lyingly profess to support. They didn’t need to use force, all they had to do was pass on the names, since the existing governments welcomed these bankers as saviours, the majority “socialist” PASOK in Greece no less than the unfrocked “Eurocommunist” bureaucrats in Italy. But as we know, the Greek people resoundingly rejected this arrangement and sent them packing.

Europe’s two-faced architects toil away, producing sinister results

In November-December 2011, I wrote that the way European countries’ debts were spiralling and uncontrollably feeding off themselves as interest rates increased:

“...means that it will never be possible to pay the debts back” (Stop the Destruction of Social Gains, Socialist Studies Pamphlet, p.17) and that “for a prolonged period the crisis is only going to get worse” (ibid. p.18).

Indeed, the bourgeoisie’s public affairs people (pretty well all their lower-ranking agents) were doing their fevered best to push these nations over “the brink of the precipice”, to borrow a phrase, not from an opponent of the system, but Patrick Artus, an economist whose devotion to it is beyond question.

How deep is this precipice? Their Europe has clearly split in two, even the most frankly favoured eurozone bit. You don’t need to be clairvoyant to see the tension constantly growing between the two sides, driving them apart by their own momentum like galaxies. The language various countries use about each other is already ripe and it will get worse as the gap grows. Frightened by the outcome of the May elections in Greece, Le Monde starts by describing it as “chaos”, then, even more amiably informs the Greek people they have “voted the wrong way” and
must re-run the election. The certified democrats in Brussels, as ever, blithely ignore reality and assume that they are the true guardians of European unity. You can count on it: the wider the gaps grow between the different parts, the more grimly they will cling to “unity”.

Take a closer look at Greece. Not long ago, I and others said how urgent it was for the working people of Europe to respond quickly, in a knee-jerk reaction, as it were, to the call for help from the Greek activists Glezos and Theodorakis. Well, apart from some public voices raised and fraternal action by trade unionists and political activists in the UK, nothing happened. We have to say that for all the many official announcements, one European initiative announced by the general staffs of the trade union amounted to little more than a few very limited local actions. The action as a whole was a washout because the trade union leaders (especially the ETUC, the European Trades Union Confederation) obviously lacked the will. The trade union leaderships couldn’t even manage to organise a big action in Brussels to defend Greece’s working people against the capitalists plundering them, and their Greek and European agents and touts. There is still time, though, and we must do something.

Thanks to the various “rescue” attempts by its kindly European “saviours”, the Greek state is literally falling apart. That unforgettable educator of the proletariat, Antonio Gramsci, examined and laid bare the “integral state” of capitalism in its dotage. It was actually never particularly robust in Greece anyway, and now it is melting away before our very eyes, exposing at its heart the violence of the repressive apparatus. The parties of corrupt worthies, suspended in mid-air and ordered about by the arrogant, tax-levying financiers who back them, offer barely a threadbare fig-leaf, behind which we can glimpse the menacing profiles of generals. Never forget that throughout the whole history of Greek working people, these mercenaries of capital have drowned them in blood every time they have dared raise their heads. Many people still bear physical and psychological scars from ill-treatment suffered in their gaols not so long ago. No doubt the same torturers are again standing by to force a proud and defiant people to do as capital commands, just as soon as they can get away with it. Their political advance guard, the resolute fascist group, has already appeared on the scene. Fortunately, for the
time being they are held in check by the formidable resistance and mobilisation of working people. Also, by throwing out the bourgeois accomplices and agents of austerity, the elections too increased the specific weight of working people. In fact for several years now they have, day in and day out, proudly and indomitably resisted the implacable dictates of the masters of European and international capital, relayed by local stewards cowering behind police lines.

We all know that the general strike is a powerful, redoubtable but highly dangerous weapon which the working class turns to when it has to defy and contest the power of the bourgeoisie, and also as a final warning when its very existence as a class is threatened. Since the attacks started, aimed at reducing this cradle of democracy to a mere colony, and its inhabitants to impoverished natives, the Greek working class has on five occasions risen in an all-out general strike against all those alleged democrats tormenting them in their own country. But they cannot just go on using up their strength in endless general strikes, any more than their Portuguese and Spanish comrades who are boldly repeating similar tactics. (To grasp the full gravity of the situation, read the interview with Greek philosophy lecturer at London University, Stathis Kouvelakis, with its very precise and striking depiction of the sufferings and the struggles of the Greek people, published in the Revue des Livres, Paris, March-April 2012). The more working people fritter away their strength in heroic – but exhausting – actions, the more deaf and unfeeling their persecutors become. Indeed these persecutors grow bolder, as if trying deliberately to provoke a situation where they can inflict a death blow.

Trade unions must mobilise

Out of the blood and toil of the resistance put up by significant sectors of the European working class, one irrefutable fact emerges: to halt the bourgeoisie’s general offensive, we need to mount a united struggle on a comparable – Europe-wide – scale. When it comes to blocking these attacks on the rights and gains working people have achieved, and driving the offensive back on itself, struggles confined to individual countries one after the other in isolation are doomed to fail. And a partial success on a national level, as in Greece, at least partially strengthens
one section of the enemy too, and exasperates others. This is true even though the attacks are fine-tuned to reflect the particular features of each country. It would be a fatal mistake to fall into a nationally-blinkered outlook, when Greece, Portugal and Spain make it painfully clear that struggles which are national in scope will not do, because they can be isolated.

However, the unions do have the experience needed to avoid this and similar snares. Even leaders who up to now have been lured by the siren voices of a false, lying “partnership” with states and employers against workers are now caught up in a struggle against capital’s offensive and its plans to reduce Southern Europe to slavery. Indeed, faced with the distress people there are in and the threat of demoralisation, these leaders have shown some desire to sharpen their act and prepare a more consistent struggle. The unions have thrown themselves into the fight in Greece, Portugal and Spain, and they are getting ready to do the same in Italy and elsewhere. Even in France the unions have started to stir.

The Confédération Générale du Travail (CGT) is the most significant centre of working class activity in the country. During the recent election campaign, its Executive Committee roundly condemned the policy of outgoing President Sarkozy. Everybody knows that the deposed President was the bourgeoisie’s second-in-command next to Merkel. He was the Godfather of Blitzkrieg against the working class, which he toughened, honed and nurtured. Without him, the European Fiscal Treaty of evil memory would hardly have got off the ground. In response, on 13 March, the CGT Executive Committee warned that if he was re-elected, this “... would almost certainly open a new round of severe social regression ... and French society ... would sink deeper and deeper into crisis”. Barely a month later its leader, Bernard Thibault, underlined this point in an interview with Le Monde newspaper where he stated that: “all European trade unions are opposed to the European Treaty (initiated by Sarkozy) which generalises social austerity and insecurity”.

Although we should not foster illusions, this is a definite step towards undoing the repellent and paralysing straitjacket of “social partnership” which holds back and stifles working people’s struggles. Limited as such statements are, they mean a lot because they break the un-
ions’ silence over the “political neutrality” which is one of the main planks of “partnership”. (Sarkozy understood this perfectly. He immediately re-vamped his “simply” anti-social rhetoric into downright fascist eruc-tations, particularly venomous about benefits “scroungers” and “busy-body mediators” (particularly trade unions), not to mention other fa-vourite fascist targets such as immigrants … most of whom are workers. He thus revealed his spontaneous tendency towards fascism. This led the other big trade union centre, the originally Christian – and much more conciliationist towards employers and their state – Confédération Française Démocratique du Travail [CFDT], to protest as well).

These French trade union leaders are perfectly well aware – par-ticularly the CGT – that the Greek and other working people in Southern Europe cannot win on their own and isolated each in their own country because they are up against a stronger enemy. They cannot win any tangible results that way, never mind score an actual success. The only at all realistic and practical way to fight successfully is internationally, specifically on a Europe-wide level. The CGT is particularly well placed to launch and organise such a fight to bring real aid to the working people of Europe: Greek, Spanish, Portuguese, Italian, not to mention the French and all the rest.

They have taken a first step, and now we all hope they will see it through. You can only say: “well done and get on with it”, hoping they will link up with sister bodies across Europe at present thrust into still scattered and unequal struggles. That is also the only way they can escape the humiliating, degrading, wounding and paralysing chains of a “partnership” where they are the servants of the master. The CGT has the depth of resources needed to initiate and deploy such a struggle along with its sisters in Europe and to mount an immediate and directly inter-national line of defence, full of ambitious actions aimed at the focus and source of the attacks in Brussels.

Nobody can tell in advance how the French unions, especially the CGT, will react to capital’s offensive, which without a shadow of a doubt will grow stronger. It would be terrible if the internal conflict over the succession caused by Thibault’s approaching retirement from presidency of the confederation were to provide the leadership with an excuse for not coming up with the favourable response people expect.
Economists and experts at a loss, ill at ease and at odds

Unsurprisingly, with a few rare and muted exceptions, the vast majority of economists and the countless self-appointed experts were at first completely stunned and overwhelmed by the scope and violence of the crisis. Think about it.

Trained in years of the all-embracing hegemony of (so-called “neo”) liberalism (although that was knocked back for a while by the general crisis of 1929-1937), not one of them anticipated the general upheaval and they have still not got over the shock. They imbibed the “self-regulating markets” dogma of “neo” liberalism with their mothers’ milk, so to speak, and it has permeated and contaminated every pore of society. They were totally dazzled and poisoned by it. The main, monetarist, segment of this fetishistic catechism (M. Friedman and his many imitators) unanimously announced that crises belong among the imperfections of a distant past. Consequently his followers and disciples have classified the frequent present-day partial and unconsummated – and therefore incomplete – manifestations of crisis under one or another purely linguistic category in order to efface, obliterate and/or corrupt their meaning, thus falsifying reality. So today’s vulgar economists dub these manifestations “dysfunctions”. Their utter and sincere stupefaction in the face of a social tempest therefore speaks volumes.

Their economic credo refused to acknowledge crises and expressed and promoted a veritable infatuation with trivialities, so of course they had to wage a crusade against Marxism. It was (and is) the other side of the (forged) coin of their paeans to neo-liberalism. To justify their crusading zeal, these economists did not hesitate to use as ammunition the repulsive practice and anti-Marxist ideology of Stalinism, although they are perfectly well aware that he and his supporters entirely liquidated the party of the revolution, physically exterminating its members in their tens of thousands, and locking them up in their millions. Unable to refute Marx’s theories, they relentlessly condemn the Stalinist epigones who falsified him and whom they actually applauded not so long ago. As for Marx, Engels and Marxist theory, they at most poke inane fun at it, on the assumption that the mere mention of the vile Stalin and his regime releases them from any obligation to deal with it properly. One
can only welcome any who, although not themselves Marxists, did not howl with these wolves.

How instructive it is, we must add here, that the leaderships of socialist or social democratic workers’ parties have long since publicly and officially repudiated Marxism, starting with the German SPD at it Bad Godesberg Congress in 1959. This made it easier for them to spread their policy of class collaboration in often violent opposition to the theory and practice of class struggle. As for the Stalinist parties, fed with the dogmas of a falsified, distorted, deformed and formal, Marxism, their leaderships finally slyly abandoned even those stale, insipid leftovers. They too did so in the attempt – admittedly more difficult in their case – to line up with other collaborators with the bourgeoisie in denying and recanting the class struggle. Some of them went so far as to throw the very name “Communist” overboard.

So it is quite understandable that the intellectuals’ great turn to the right on the heels of a succession of defeats for the workers’ movement and a series of gyrations on the part of their failed leaders, was also marked by a recantation and massive rejection of Marxism. This is not the place to examine it in detail, just to note that besides historians, philosophers, literati, etc, it also involved a turn by economists, not merely away from Marxism but also from Keynesianism, that mongrel refuge to which the bourgeoisie resorted when forced to make concessions to a menacing working class.

Neo-liberalism is particularly clueless in the rather significant matter of Europe, or specifically, how to unify it. This was the goal that its initiators set themselves, although they were also clueless about how to achieve this happy consummation. Now in practical reality, the process has barely started and, contrary to expectations, vows and promises, not to mention specific statements, it has already produced striking inequality which is actually growing ever faster: inequality between the classes in each country and inequality between individual countries. It has become a common topic of general and somewhat anguished discussion. Even economists normally anxious to sell the ideology of Europe have a great deal to say about how it presents itself and takes shape; the ones who notice it anyway, unlike its stubborn devotees – and there are still lots of them – who ignore the evidence or don’t consider this inequality
worth bothering about.

But those who do actually worry about such an about-turn from supposed progress towards unity into its exact opposite present a spectacle of various stages of disenchantment. First the stupefaction provoked by the this cruel blow undermining what had been reassuring certainty; then growing incredulity, doubt or downright scepticism; finally, bypassing any actual explanation of the phenomenon, they lose themselves, divided and perplexed, in conjectures and misty and evasive speculation. And so they launch into fantastic wanderings, each one as extravagant as the other is absurd.

(I am not talking here about the backward-looking dreams of “deglocalisation” or a “non-productivist” economy, nor their equally reactionary and illusory twins, protectionism and the call to consume only products of the national soil. Such views undoubtedly flourish as distorted side-effects of the mass rejection of the situation provoked by the Europe of capital. They particularly flourished in the overheated atmosphere of the French election campaign, for example, during which the more prudent and thoughtful politicians, alongside a shrinking remnant of the liberal bourgeoisie and fundamentally disorientated petit bourgeois, clashed with official defenders of the hated capitalist offensive. At the same time there were, limited still but significant, attempts to beat a path for working people, and don’t forget for an instant, on the opposite side, the reactionary but dangerous disquisitions of the fascists.)

So it is absolutely normal that in the intellectual desert created as a sort of bonus under the omnipresent protection of capital, practically all specialists and experts in “economic matters” (leaving aside a few rare dissident voices) are sincerely stupefied by how this glaring inequality has arisen in a Europe unexpectedly torn apart. This is really too much, especially given that they had been blind to the approaching crisis in the first place. The surprise and astonishment is all the greater since for decades, lined up behind the capitalists and those responsible for their European mission, they endlessly sang the praises of a supposed convergence of nations, first the Common Market and then the European Union. They were gripped by unshakeable faith in fraternal cooperation and solidarity between countries – which to tell the truth was closer to St Augustine’s “I believe it because it is absurd” than to any objective analy-
sis. It was a rude awakening, so painful that they still keep step with the gurus of capital and their European representatives, mechanically repeating all the twaddle they come out with.

However, the obvious failure of all these “rescues” and the growing sufferings of the people thus “rescued”, not to mention their growing resistance, raise painfully embarrassing questions. Doubts emerge, new ways out are sought, and this accentuates and multiplies differences between them over a possible solution. To go by some spokespersons, the disarray among them is practically total, and that is confirmed from outside by how often they change their minds and the obvious contradictions in the positions they put forward.

The real meaning of inequality in Europe

The unhealthy imbalance developing between the eurozone countries (but not sparing the others) as the crisis unfolds has its impact on how people think, including economists. First of all it is important to grasp that this inequality is not just a fixed difference between these countries placed neutrally side by side, arising from their different development. Of course there are such differences between countries, marked by their different geographical locations and their varied natural attributes, but above all shaped by and steeped in their own specific histories. I am not talking here about the inequality that arises from their history and heritage, although that continues to influence the one I do mean.

The growing inequality between countries in question here is not exactly the same as the one between classes, although there is an organic link between the two. It is a living, dynamic relationship, in a sustained movement, which measures, compares and describes the relationship between countries and their economic development. What is this relationship all about? And where does this inequality come from?

To reply to these questions, the first essential thing to grasp, which should never be forgotten, is that this inequality develops between different countries with an identical capitalist system. The accent is on the capitalist character of their mode of production and their society, which implies that the inequality between these countries develops inevitably, as if dictated by fate, in line with their respective powers and capacities. Now, one of the principal characteristics of this system of exploitation is
competition, which governs economic life and regulates social relations, even reaching right inside social classes.

Private ownership of the means of production and trade and hence of the finance system drives and compels their owners, the capitalists, into a savage struggle for a bigger share of the markets. This competition is so significant and powerful that it goes beyond the economic field to invade all sectors of social, political and cultural life. It was no accident that Marx exposed and analysed it in all its manifestations and from every angle all the way through Capital and all his joint work with Engels, where they presented and examined its enormous power which drove the capitalists not simply to renew production by repetition, but to improve it constantly and without respite, the logical consequence of the fact that they are placed in ferocious, implacable and merciless competition.

This bitter competition has inevitably and constantly led to the concentration and centralisation of the means of production, trade and finance embodied in powerful monopolies that eliminate their victims either by absorbing or by destroying them. This struggle, determined and to a large extent conditioned by history and heritage, has gone on and still goes on between these monopolies. The ever fiercer competition between these giants of capitalist concentration has led them to become intertwined with states. The state constitutes a natural crucible and forcing-houses for monopolies in a dense entanglement in which it serves as their protector and also as their normal and legitimate representative. As a consequence, the relationship of forces and the competition between these monopolies are embodied and at the same time manifested in those between nation states and their mutual relations, not necessarily of course always in their crude, i.e. immediate and brutal, forms, but mediated by many factors, above all political ones.

This unbridled race for profit which sets the capitalists against each other in a continual antagonistic struggle is “regularised” and administered by the nation-state. But obviously, it crosses borders and is expressed, decisively, within the framework of the so-called European Union which has neither borders nor customs barriers. This binary or hybrid, but in any case mongrel (both national and at the same time European) character of capitalism on this continent is one element in the flagrant and explosive contradiction of so-called “European unification”.
It is so visible and striking that many economists and even politicians, denounce it, without, of course, explaining it, and particularly not by any reference to its real substance, and in any case without any of those responsible for such a calamity, or indeed their critics, being in the slightest degree put out by it all.

Such a struggle to the death by capitalist competition – and an extensive international literature testifies to how savagely brutal it is – has nothing to do with the daily diet of soothing music about fraternal solidarity and European cooperation. The propagandists of capital draw on the biblical image of an encounter between the lion and the lamb, but they would do better to study the fables of La Fontaine. That would teach them something about the reality of the manic struggle to survive, transposed into capitalist economy and society as intransigent and omnipresent competition. If they cannot study Marx, whom they reject and slander, this at least would give them some food for thought. As for Lenin – on monopoly, for example – lyingly considered to be a precursor of Stalin, they don’t even mention him.

Since all they have to go on are the defective resources of vulgar economics, it is perfectly logical that they fail to see the essence of the matter: that behind the ringing phrases about unification and cooperation, tempered by “gentlemanly” good-manners and above all hidden by the virtuous veil of Europe, what governs relations between nation-states is unbridled, merciless competition between capitals. These commentators also close their eyes to the fact that, the better to conceal their starring roles, the real animators and representatives of capital hide behind stage extras like Barroso, Van Rompuy, Lady Ashton, Juncker and co, whose considerable prominence as wreckers of social advances is inversely proportional to any real personal significance.

It would be both tedious and unnecessary to recapitulate here the whole history of this Europe in all its consecutive stages. However, particular episodes like the establishment of the Common Market and the introduction of the single currency certainly do underline one fundamental point: in the many confrontations over economic competition, these measures and arrangements unfailingly gave considerable additional advantages to the biggest and strongest, the best prepared and the best equipped.
Dismantling customs barriers and allowing the free movement of capital, uniform measures applied to countries whose economies were clearly different in their structures and levels of development (not to mention any other differences) acted (and still act) as powerful and violent levers in favour of the strongest at the expense of the weakest. The brutal and iniquitous introduction of the euro – a fraught act, but one that was absolutely necessary to complete and consolidate these measures, stimulate them and breathe life into them – forced all these countries to abandon currencies that were issued in line with their actual economic strength and level of development. From then on they had to adapt to a single currency which actually expressed those participants with the most developed economies. And so the euro acted as a tonic for the biggest and deadly poison for the rest.

The consequences and natural effects of these measures very soon showed themselves and acted more and more destructively. Obviously they did not reflect the outpourings of exalted balderdash about the supposed unification of Europe. Contrary to these fairy stories, they followed and expressed (as they still do) the logic of the economic laws discovered by Marx, in this case those of capitalist competition between unequal countries and its inevitable products: concentration and enrichment of the capitals of the one side and weakening, impoverishment and pauperisation of the other.

The bitter, sustained competition between capitals and their monopolies within this European “unity” divided by nation states has thus take on the form of a certain (albeit managed) rivalry between them. But in the way of such things, it is considerably tamed, domesticated and more or less brought under control, and therefore concealed, by their European “unity”. Nevertheless, it was this competition that structured and then reinforced a hierarchy between the strongest and the others beneath the appearance. Then “natural selection” produced one nation-state, “the first among equals”, at the expense of the rest. In this case, the rivalry produced a situation where bourgeois Germany gradually emerged in a dominant position. She has been assisted (until very recently), but from a long way back, by France, whose bourgeoisie’s strength is withered, and which is vassal-like, complaisant and deferential towards that first-in-line of the capitalist class. The losers line up in a long chain
whose links are twisting and writhing, with the weakest one at the end – Greece – in the process of breaking.

**German capital in command, served and feared by attentive – but refractory – satellites**

Needless to say, Europe’s media rarely even mention how the economic structures of member countries are evolving in terms of their respective performance, i.e. inter-European trade, never mind paying any natural and regular attention to or analysing this. Nonetheless, although finding them involves a childish but instructive game of hide and seek, these propaganda machines do drop occasional morsels of the information for which we hunger. These meagre hints do allow us to form a disjointed but nevertheless correct and faithful picture.

The major share of each European country’s foreign trade – and this includes the eurozone – is with other member states. Capitalist competition does take place between them, and even though it is codified and therefore alleviated somewhat, it produces victors and victims in the European setting. The big ones in front brutally eliminate the weaker ones who come second, or swallow them greedily. Big fish eat little fish. In the present crisis they gobble them up faster and in greater numbers.

Today, Germany conducts between 40% and 50% of her foreign trade within the eurozone. In consequence, by 2011 almost half her positive trade balance amounting to 157 billion euros came from the eurozone. To make up for that, Spain for example lost 47.2 billion euros in the same inter-European trade, Italy 24.6 billion euros, Greece 20.8 billion and Portugal 14.3 billion. This imbalance (to put it mildly), or rather genuine act of pillage on the part of German monopolies, does not mechanically cover the whole inequality, but it explains its basic texture, since the volume of overseas trade, particularly with China and the US, which also places the weakest at a disadvantaged, is oddly and clearly lower than that between European countries themselves.

To stay with Europe, it would be interesting to round out the figures given above. That same year, 2011, brought a mind-boggling negative trade balance of 84.5 billion euros for the French bourgeoisie, for all their notoriously enthusiastic attachment to German capital. And just to show that the whole of Europe is drawn in, even beyond the eurozone,
this colossal loss in France’s foreign trade is eclipsed by that of the UK. That same year of 2011 the latter showed a loss of 117.4 billion euros, even though the country was in a slightly different economic setting, but still carried out 40% of her foreign trade with continental Europe.

Other figures reveal a situation that both arises from the development of an unequal relationship between countries and at the same time creates conditions for it to get very much worse. This is the role of industry as the spinal column of the economic body, and also the role of its offspring, the industrial working class, as the bearer and harbinger of human progress. I shall concentrate on France, and occasionally the UK, leaving aside the far worse-affected countries of the south. France’s trade deficit in industrial products, which by the year 2000 already amounted to 15bn euros, reached a dizzying 92bn euros in 2011. This was the path of galloping de-industrialisation, itself aggravated by the crisis, simultaneously the cause and the consequence of capitalist competition.

In 2010, industrial jobs represented a mere 12% of all employment in France, compared with 16% in 2000. In Germany, on the other hand, the comparable figure was still 19% in 2010, also down from 21% in 2000, but the fall was thought “normal” since it reflects “usual” retrenchment and rationalisation within the continual concentration of capitals and quest for higher productivity. Although it stands outside the eurozone, the proportion is even worse in the UK, where 14% for industrial jobs in 2000 shrank to 9% in 2010.

As a consequence, in 2010, French industry, for example provided 13% of what is termed “value added”, down from 18% in 2000, whereas in German this same “value added” by industry was still 25%. As for the UK, the respective figures are 20% in 2000 and 15% in 2010.

(I shall refrain for the moment from criticising and frankly rejecting this misleading and mongrel concept of “value added”, because that would take us too far afield. May I just state that it was dreamed up and spread and is still used by bourgeois vulgar economics to mix up the real new value provided by productive labour with the contribution of capital – unavoidable in this society but which remains passive – in an almost inextricable magma).

Be that as it may, despite the persistent shortage of data and deceptive concepts like “value added”, these figures suggest a real general
tendency which must be clearly more marked and devastating in and for the countries of Southern Europe. It clearly expresses a relationship of German domination with varying degrees of dependency on the part of all the other countries in Europe. That is the precise content of this famous and well-known unequal relationship, although as one can now see, it is a rather vague expression because it blurs the precision of its essence.

At this point it is extremely important to be specific about the overall character of the struggle unfolding in Europe. I have already mentioned, but should re-emphasise, that within the framework of nation-states and behind the façade of and often mixed up with the inequality and opposition between them, this struggle is between capitalists on the one hand and the working class, alongside all working people, on the other. Its class content is masked because it is split and segmented by the nation states and it is all the more likely to appear to be a difference and a struggle carried out between these nation states because there is genuine rivalry between them, animated by real differences between capitalist groupings.

However the mask drops each time the fundamental interest of capital’s offensive unleashes yet another attack on working people in one austerity plan after another. Local bourgeoisies tend to fissure, most of them immediately lining up as “compradors” (colonial natives who act as the agents of the colonising power -- Trs.) of the dominant European capital. Then the situation becomes clear, as it did recently in Greece; that is, the antagonistic confrontation of the fundamental classes tears away the national veil, while wavering sectors of the national bourgeoisie, in the minority for the moment, seek a way out of the vice in the arms of fascism.

Consequently, it is nothing to do with a struggle against Greece, for example, as the Greek scholar Kouvelakis (quoted above) – who describes it rather effectively – seems to understand the torpedoing of Greece, an impression shared by a good number of Greek political activists. Of course it is undeniably true that European, particularly German, capital, has a voracious hunger to get its hands on Greece’s richer pickings by destroying the resistance of her working people. However, the main attack is on the working people of Europe as a whole, concentrated for the moment
on their most vulnerable, Greek, section.

To make the same point from the opposite angle, it would be absurd to think that Germany’s predominance in Europe is to do with just that country as such on her own. Germany is also divided into the same opposing classes as every other country. German capital thrust itself above other “national” capitals by subjugating and enchaining “its” own working class through a whole system of brutal and refined restrictions of their rights and the suppression of a series of other gains they had made previously. In other words, German working people have already undergone “their” austerity plan without “their” state even being deep in debt, a plan which was a prerequisite for the supremacy of Germany’s monopolies. Decisions imposed by Gerhard Schröder, the leader of the Social Democratic Party (SPD) in the early 2000s firmly ejected the “social” from the famous description of Germany as a “social market economy”, all done with the traditional servile compliance of the whole trade union bureaucracy.

It is no accident that, in response to the combative mobilisation of working people in several European countries, the German working class has also raised its head. Recently, it has forced the leaders of the IG Metall (engineering) and Verdi (public service) unions to call a series of strikes and demonstrations to impose a massive wage increase and other improved conditions on the bourgeoisie. European working people as a whole should be their natural allies, just as German working people should be the European proletariat’s indispensable partners in struggle. The basis and prerequisites for this fighting alliance are ready and just waiting to be put into actual practice.

Once more we should note, coming back to inter-European trade, that its precise content and disappointing results are carefully concealed behind a seductive but misleading screen of “cooperation”. At most, the numerous professional confusionists and brainwashers are forced to acknowledge this growing inequality, since the evidence is palpable. However, disconcerted in the face of this troublesome reality, they merely mention it without venturing any explanation. At the very most, and very rarely, they mention as an isolated fact the power of the giant German monopolies. From time to time one sees the odd reference to groups such as the steelmakers and engineers Thyssen-Krupp, the electrical and
electronics giants Siemens and Bosch, or the world’s largest chemical group, BASF, not to mention the pharmaceutical firm Bayer, etc. But they never mention a single word about the role these monopolies play or their place in European and international industry. We know a little bit more about the car industry, but even there nothing about what matters, i.e. inner conflicts. But it is no secret at all that while the European car industry has been wiped out except for FIAT in Italy and Renault and PSA (Peugeot-Citroën) in France who have been pretty well turned upside down and are, like the Swedish car-makers, struggling, the German monopolies rule at an international level. It is a well-known fact that Volkswagen, having seen off Opel and already swallowed Daimler-Benz, dominates the world car industry and long since gobbled up Czech “Skoda” and Spanish “SEAT”, to mention just two.

A few things that need saying

The great majority of economists and journalists are bourgeois propagandists who embroider the official line, instead of seriously and objectively examining the economic, social and political processes at work in Europe. They point the finger at China, who is mainly blamed for Europe’s economic ruin and desolation, and accuse her of being the gravedigger of European industry by “unfair” trading and dumping based on shameless exploitation of Chinese workers. That last comment is entirely correct, even if it sounds particularly hypocritical coming from people who have never said a word about capital’s slave-drivers in European factories and their increasingly refined, inhuman and “scientifically” motivated methods of driving up productivity at all costs.

Without going into too much detail here, I should just make two points to put China’s role in its proper perspective, starting with the fact, already mentioned, that each European country’s trade with China is considerably less than their trade amongst themselves. The first point is the unarguable fact that the majority of China’s exports are made up of goods manufactured by foreign businesses which have set up in China, among them a large number of European ones.

The second is that in Sino-European trade, the European side is heavily penalised less by the mass of cheap Chinese goods than by a European currency exchange rate which is particularly unfavourable to
European trade. The euro is outrageously over-valued in relation to the great world currencies! What that means is that European economy is at a singular disadvantage in purchasing cheap non-European goods denominated in currencies clearly under-valued or at least maintained well below the euro. On the other hand, the eurozone exports commodities denominated in much more expensive euros, i.e. at a considerable disadvantage in international trade.

One single example will suffice, drawn precisely from Germany, whose economy corresponds more or less to the elevated level of the euro, or rather, is in harmony with the single currency, give or take a little. That is one of the reasons why the German bourgeoisie and its government, who inspire the monetary policy of the European Central Bank (ECB), defend it against comers. They cling obstinately to an over-valued euro as a precious weapon to weaken and subjugate their European competitors economically.

Opinion-makers in the service of the possessing class, including the mass of economists, can manage to cloud even quite lucid minds when rambling on about “unfair” Chinese trade (is there any other kind?). However, the great majority of them are absolutely silent on the role of the over-valued euro. From time to time they accuse the yuan of being under-valued, which is true, but since they do not take the matter any further, this itself is just an attempt to divert attention from the main question. Indeed, in their silence over the euro it is not just the German bourgeoisie they are defending.

The overvalued euro with its unfavourable exchange rates stands as a unique beacon in the international monetary system, attracting manufactured goods at the lowest cost. The euro peaks well above the US dollar, with one euro, despite minor oscillations, usually worth $1.30. Thus it is largely an open door for American goods, whose competitive edge is already copiously stimulated by generous domestic subsidies and all sorts of favours and privileges. When economists and politicians lecture us about “unfair” Chinese trade, they should be told to have a look at US capitalism-imperialism too.

(I cannot delve any deeper into a detailed and critical examination of the international monetary system within the confines of this article. Such an analysis will form part of volume 3 of my work on the world
crisis, of which only the first part has so far been completed, the rest being still on the stocks. However, in order to understand the matters in hand better, it does seem necessary to define certain aspects of this system.

First of all, the general detachment of currencies from their pedestal of gold, starting with the dollar in 1971, very much facilitated, indeed greatly assisted, the flourishing, spread and complete domination not only of speculation, but also of monetarist economic conceptions, such as those of Milton Friedman and co. for example. The outstanding characteristic of this conception is that it considers money as a thing in itself, or to be more precise, not as an *organic* part of trading economy, above all of capitalism, but as an economic entity not just autonomous but practically independent, possessing only a good or bad link to economic reality as a whole. Consequently, according to this monetarist fiction, it is possible to use money, manipulate and adapt it supremely at will.

However, even though it has thus been robbed of its virginity, or if you will of its manhood, in the sense that it has been dispossessed of its real substance in gold and therefore lost its value, each currency has nevertheless retained an effective correspondence with its home economy. This real correspondence between currencies and economy appears in the relationships between different national economies, among other things in the respective currency exchange rates and the interest rates of productive capital invested in these economies. Now, like medieval monarchs who debased their coinage by diluting the proportion of gold it contained, today’s monetarists are also caught out by the harsh realities of economics. They are then obliged to respond – with fresh monetary manipulations [devaluations, re-valuations, quantitative easing] – or, as they so elegantly put it, simply printing more money...)

Now it is a fact that today a goodly number of monetarists, particularly (and not coincidentally) Americans, describe the euro, the single European currency, as an artificial, unfit and inadequate creation, i.e. as a mistake. Such austere criticism shows that, even while they attribute independence to currencies, they recognise and advocate that they should retain a clear actual link with the economy of their home country. Consequently they criticise the euro because it tries to span countries at very different economic levels without political regulatory unity and posses-
ing only a limited and imperfect central bank.

A comrade and friend, Nick Bailey, has drawn my attention to an article written by David O. Beim, professor at Columbia Business School in October 2011. I mention him here as a worthy representative of such monetarist views. As such, he exposes quite well the vain futility of the euro’s pretentions to be the sole representative of countries that are so different, as well as the unsuitability of the conditions under which it functions, summarised briefly above. However, these 9 pages of good and perspicacious analysis, complete with graphs, suffer a generic conceptual deficit common to monetarism. It studies and observes the euro as a sort of original sin, a mistake from the very outset, without placing it in step, in a sustained relationship, with the countries’ respective economies and their evolution. He notes the growing tensions among countries over the euro, without establishing any relationship between that and the contradictory economic development the euro is struggling to cover. He is thus a long way away from showing how these tensions arise from the diverging economic development of these countries, as I have tried to, merely making a few vague references to the obvious differences between their balances of payment. He does not look any closer at that!

The “solution” he proposes is consistent with his reasoning: all that needs to be done is to recognise the mistake and take the appropriate decision, i.e. unify Europe politically, or give up on the euro. America’s fervent monetarists (and quite a few of their European colleagues) clearly cannot understand why the “stupid” Europeans cling to the euro.

The bourgeois unity of Europe is tearing itself apart, its vaunted union in tatters

I must repeat: the emergence of inequality between nation states and its mutation into actual opposition is not just an appearance, a secondary manifestation. It contains and covers other oppositions, more serious in different ways, which grow between the social classes. It is merely the distorted and impoverished reflection of those which the (dominant) bourgeoisie as a whole arouses in the (dominated) mass of workers by its offensive against their living conditions, in the first place against the rights and gains they have established.
Everywhere, the way “national” bourgeoisies have slavishly transmitted this offensive and zealously applied it has aroused workers’ resistance and utter rejection of the additional burdens it imposes. The class struggle thus whipped-up by the bourgeoisie has not only alienated and distanced working people who were formerly passively hostile to this bourgeois power and its servants, it has rapidly exacerbated their opposition to the point of openly challenging this power. Their resistance has grown more and more, but, alas, has been organised only slightly or very partially, whereas in the course of the last few months that resistance has, here and there, and sometimes indirectly, led them to put the bourgeoisie’s power in question. So much so that a growing part of that class are alarmed by the risks involved and feel the need to try to ease the pressure and alter and lighten the intolerable burdens caused by European austerity plans.

But there is good reason to preface an examination of this political aspect of the crisis, an inseparable companion to the economic crisis, with some mention of what preceded it. Certain economists, seeking to define and describe the much debated relationship between countries, let slip useful observations about the character of some of these phenomena and the associated dangers. That is how, while the mass of economists have almost given up in sheer distress at the sight of whole countries shattered by capital’s stormy offensive, some among them, casting about in search of a way out of this morass, stumble over a few scraps of enlightenment.

Take Heiner Flassbeck, the German Director of the Division on Globalisation and Development Strategies at the UN Conference on Trade and Development, who said recently in a lecture that:

“Berlin is making the same mistake with the eurozone countries as the victors in World War I made with Germany.” (As quoted in Le Monde, 21 April 2012).

There are indeed similarities, but it is not the same thing at all, and above all it was never a “mistake”, then or now. Back then, this “mistake” arose from (was part of) the relentless struggle between monopolies based on private ownership for supremacy in the market, monopolies embodied, privileged, represented and defended by their respective
nation states. Between the wars, this “mistake” – which is actually an inescapable law of capitalism – went up to and included the military occupation of the Ruhr industrial region in Germany by the French army (supported by Belgium and Italy). This lasted from the spring of 1921 until the middle of 1925 – an instructive episode in the capitalist conflict between the two sides which provided such abundantly fertile soil for Hitler’s fascist movement.

Today the same struggle is taking place in a different and more “peaceful” form which allows them – for the time being – to avoid armed interventions. Nevertheless, Flassbeck is groping in the right direction, since the relationship is again between victors and vanquished, just not in a clash of arms (which is competition taken to its extreme) but muffled and muddled up in competition whose aggression, sharpness and duration in no way yield to real war except that they have not taken up actual arms. Not yet, that is.

This capitalist competition nails the pious vows and inane protestations of those who – surrounded by a state of competition reminiscent of jungle warfare – beg for “fair” trade and, if not actually friendly, at least polite “reciprocity”.

One might imagine that such fond hopes arise from dreams of a better society, or fantasies about capitalism “with a human face”. In any case these good people do not realise that, captivated as they are by the “charms” of capitalism (to say nothing about its more earthly attractions), they are closer to medieval minstrelsy and chivalrous romance than they are to any reality. Sadly, they have little understanding or knowledge of those reckless business pileups whose victims fill the graveyards of depreciated capitals, or of the daily sufferings and difficulties faced by the growing masses of people ejected from production, or indeed, any real economic activity at all.

They simply refuse to acknowledge the struggle for a larger share of an already shrinking market, or for simple survival; a struggle between capitalists which at the moment, it is true, is largely mediated, transcended and thus whitewashed by the European “Union”. Moreover, the latter does all it can to camouflage or deny this struggle for survival, tending to hide it behind the deceptive screen of unification. This denial is accompanied by the other, enormous, lie which denies the real-
ity of class struggle, a piece of mendacity whose scandalous enormity is matched only by its unparalleled success among the great and the good. Once that has been blindly swallowed, simply ignoring the struggle between monopolies and the conditions under which it takes place is a comparatively minor offence.

But behind the fair mask of unification, the brawl carries on unabated, although obviously using appropriate means and methods. The Maastricht treaty and its single currency were brought in as one of the most important routes to European unification. And that continues to be celebrated with delirious delight by just about the whole bourgeoisie and its legions of propagandists, as well as anyone else they could con or simply lead astray. The few discordant voices were brusquely called to order – what could be more democratic than that? – or vulgarly taunted by the media pack as “Euro-sceptics”. And this cretinous insult, which degrades the accusers themselves, is even now applied to all those critical voices whose numbers are swelling by the minute. There is nothing furtive about this shameless conjuring trick with its procession of the blind or the bewitched. Even now its incorrigible disciples deploy their attacks above and beyond the call of duty.

In fact the process of capitalist concentration is fed and stimulated by competition artificially sharpened in favour of the strongest. Far from culminating in a kind of super-power, its internal contradictions have been exacerbated. The tendencies of dissolution and decomposition arising from the profound crisis have spurred these contradictions on, amplified them and speeded them up. Every day brings fresh proof of how right Lenin was to criticise Kautsky’s fantasies about “super-imperialism”. And so, instead of a hierarchical unification, the sharper and growing inequality divides nation states and lines them up in dependency upon the strongest, Germany. At the same time that eminently centrifugal force which is competition in all of its dimensions not only separates these countries from each other, but also leads to divisions between them and increasingly opposes them to one another.

And that is why, under the capitalist system, the unification of Europe remains as impossible as squaring the circle. That explains why all the decisions taken and actions carried out to achieve unification can only be imposed violently and by force, which simply makes the contra-
dictions worse, especially as the cancerous growths which unfailingly appear and spread unchecked on the sickly body of outdated and decadent capitalism-imperialism, such as financial speculation, scandalously exploit these flaws, and in doing so contribute powerfully to the process of its destruction. Those who set the euro up and supported it thought it would be the main tool for achieving unification, but it has acted more and more as the substantial instrument for disrupting it. The euro will inevitably blow apart under the pressure of contradictory forces, and that will sound the death knell on this “united” Europe as it falls apart. That is unless something else breaks up the unity before the single currency departs the scene – since the exact route this process of dismemberment will take is not yet clear. In any case speculation is more and more contributing to it.

For example, this April “Eurex” (European Exchange – “Europe’s Global Financial Market Place”):

“...launched a new interest rate futures based on the notional long-term bonds issued by the French Republic”.

(Such paper contracts used to exist as a means of speculation, but disappeared with the introduction of the euro, the symbol of monetary union.) The vigorous rebirth of these contracts is an infallible sign of the growing gap between German and French interest rates (the famous “spread”), a gap which expresses and measures the separation between these two economic “entities” and at the same time offers a fruitful opportunity for speculation. The re-appearance of a consolidated and expanded “Eurex” after a recent trial run based on Italian interest rates is yet another indication that a growing disjunction and distance between the “unified” economies is anticipated. Need I add that “Eurex” is a subsidiary of the German stock exchange?

The political expression accompanying this whole rapacious and disjointed economic process presents a fairly chaotic picture. There is not yet a strong and conscious European workers’ movement with its own far-sighted and militant political and trade union organisations. These bodies have been rendered lifeless by the immense losses they have suffered and decades of class collaboration on the part of their lead-
ers. Therefore the reaction of Europe’s proletariat has been scattered, sporadic and very much reduced to disunited local actions often hampered by routinism. The great mass of it remains outside these organisations and, at best, dissipates its energies in spontaneous and isolated surges based on immediate and elemental reactions which are often not followed through. That is how it responds to blows arising from the crisis and made doubly worse by capitalists who are as calculating as they are panicked. Worse still, quite significant sections, thrown off course by their leaders’ treachery, look for a way out outside of the workers’ movement and fall victim to fascist or semi-fascist predators.

Indeed, one thing that really translates the emerging economic divisions in Europe into the language of politics is a fairly obvious step-change by a large part of the European bourgeoisie. Visible cracks are appearing in their ranks. One major part of its national cohorts openly places itself at the service of the dominant capital in Europe. Another, far from negligible, sector of the possessing classes and their hired help fears a recrudescence of working people’s militancy, is sceptical about the strength and ability of the liberal bourgeoisie and is excited by a warmed-over, exacerbated nationalism. It is clearly heading for one or another variety of revived fascism.

The political formations which have sustained fascist ideology and which have more or less lurked in the shadows for several years past are today swelling and growing in strength in almost every country in Europe. They are occupying an ever-broader terrain, taking advantage of the weakness or even absence of a vigorous workers’ movement. What they express and develop is the growing separation and opposition, indicated above, between groupings within local capitalist classes. They define, fix and codify that opposition in their policies of separation and national isolation. They focus in the first place on violent, hate-filled attacks on immigrant workers, the most vulnerable segment of the proletariat who make up a significant part of it in Europe. That fact alone completely exposes the real, undisguised content of their politics as the most violent response of the bourgeoisie in danger. Fascism and fascist parties are the warhorse of the awakening bourgeois opposition and its main agent for breaking up the European Union. It would be a mistake to forget that this warhorse is a Trojan horse which makes no attempt to
hide the fact that it carries within its flanks anti-working class and anti-trade union shock troops.

These fascist parties and their disguised front organisations appropriate the anti-capitalist vocabulary of the workers’ movement in their conflict and disagreement with the pro-unity bourgeoisie. This has been made all the easier since these slogans have been abandoned and even repudiated by the official leaderships of the workers’ movement. On the other hand, the fascists use them to attract and trap a part at least of the disorientated workers and rebellious petty-bourgeoisie, like a hunter who conceals his murderous intentions behind a lure. The economist Heiner Flassbeck came within a whisker of evoking the conditions which gave rise to Hitler in the analogy he drew between Germany’s treatment after World War I and the current situation in the countries she dominates. It would be a tragic, unpardonable error to forget that in the 1920s not only Hitler but also Mussolini used language strongly tinged with anti-capitalism, which – long after it had led them astray – turned out to be a deadly trap for workers. Never forget that Hitler’s party fraudulently styled itself “socialist”, adding the adjective “national”.

How the bourgeoisie shifts its ground

Its fascist alternative has undoubtedly gained ground, but for the time being a clear majority of the bourgeoisie and forces in its decisive organisations shun such a bracing cure for its problems, believing it can be avoided and in any case is both costly and pretty unreliable. So the majority of the bourgeoisie is convinced it can go forward and secure the success of its policies, including its offensive against working people, using what might be called classical methods.

However, the working people in question are putting up vigorous resistance. As it develops and spreads across Europe, this has raised some doubts in the minds of the anti-fascist majority of the bourgeoisie about how appropriate and effective the paths they are following and the methods they are using actually are. Do they not – they must be asking themselves – run the risk of provoking a qualitative intensification of working people’s resistance into a more powerful and more political movement? The range of responses has shown cracks in that solid bloc of property owners, and those who for the moment are shunning recourse to fascism
have in their turn raised proposals for a change of methods. In particu-
lar, the idea has been put forward of supplementing the destructive policy
of one-sided austerity with one of economic growth.

This bourgeois class is worn out, exhausted and in decline and it is
in practice increasingly resorting to a more and more utterly basic nar-
row-minded pragmatism. It would take far too long to follow step by
step the laborious path by which it came to an understanding of the need
for a shift in objectives and methods. Instead of describing the whole
painful quest, let me just note some of the important milestones along
the way. What made it even harder for them to make this change is that
a policy of growth is very close to if not identical with Keynesianism, a
doctrine of class conciliation which evokes unhappy memories of con-
cessions they were forced to make, kicking and screaming, under the
insistent pressure of the proletariat when it was at full strength (1945 –
1975). Be that as it may, the losses and pains associated with the crisis
have stimulated their thinking sufficiently to at least partially revive this
economic policy. This has been easier because a – visibly reduced –
number of its followers hang on, like an endangered species, around
shrunken bourgeois parties that are inspired by a superannuated “liber-
alism” as well as on the fringes of traditional workers’ parties.

In fact it was François Hollande of the French Socialist Party who
publicly launched the challenge of a policy for growth in the election
campaign in opposition to Sarkozy, who personified the austerity offen-
sive and its murderous plans. It is worth emphasising that for months
Hollande and his project were isolated because they did not seem to fit
in with a general atmosphere reeking of the foul breath of the austerity
offensive. At first the whole bourgeoisie arrogantly scoffed at the idea as
preposterous, ironically commenting how much a policy for growth
would cost when everyone was convinced they had to pay off the debts
as soon as possible. Its representatives had no qualms about getting
Angela Merkel involved in the election campaign, showing her on tel-
evision patronisingly sounding off alongside Sarkozy, as they tried to
overtake this maverick troublemaker.

And he did not give way. But the favourable responses to his project
(I am not talking here about working people, but a growing number of
economists) came from outside, in particular at a seminar held from 12-14 April this year in Berlin by financier George Soros’s Institute “For New Economic Thinking”. The Secretary General of the Organisation for Economic Cooperation and Development (OECD) himself, Angel Gurria, clearly stated that:

“most governments and international bodies are agreed on one point: we will not bring back confidence and growth simply by imposing austerity”.

Nobel Prize winning economist Joseph Stiglitz warned:

“For whatever reason, countries in surplus are imposing costs on others, and the persistence of these surpluses has unsustainable consequences”. (Both quoted in Le Monde, 21 April 2012).

Even though he is a notorious speculator, Soros, in Paris on his way back from this seminar, rammed the message home, firmly supporting a policy of growth as the only way to free up the means to pay the debt. Another Nobel Prize winning economist, Paul Krugman, wrote in the New York Times of 15 April about the:

“apparent determination of European leaders to commit economic suicide for the Continent as a whole”.

The US bourgeoisie and its thinkers have good reason to campaign strongly and across a very broad front for growth in Europe. Faced with competition from all directions, they have a strong interest in making sure that there is a receptive European market for US goods. Nor would they be displeased to curb the appetite of German capital and weaken the damaging competition it offers to US monopolies.

But the idea of amending the policy of one-sided austerity has also been making headway among more and more European economists and politicians of a bourgeois persuasion. In April, the respected French economist Patrick Artus, supported by many others, took up a position squarely and unambiguously against the policy of austerity, showing how inadequate and dangerous it is. He proposed a policy of monetary expansion and changing the role of the European Central Bank to support and guarantee it. Moreover, he clearly predicted (what was already in the air)
that:

“Mr. Hollande is completely correct and he will be supported by Mariano Rajoy and Mario Monti” (the heads of the Spanish and Italian governments).

The tide was starting to turn. The people who run Europe put up some initial resistance, but then a whole series of economists and leaders spoke out in favour, not of a real change, but for the most part of a sort of confused amalgam in which a muddled, ill-defined growth occupied a fairly prominent place.

Then the elections in Greece and France assumed a particular significance, much greater than is usually the case. They laid down a public and official marker of massive and total rejection of the bourgeoisie’s offensive against social gains and its austerity plans. In the same breath, the two elections saw the emergence of the first independent political regroupments of the European proletarian resisting capital and was their first baptism of fire. (Do not, of course, overlook the noisy appearance of fascist parties.)

Finally even the German leaders, Angela Merkel and her finance minister Wolfgang Schäuble, announced that they, too, agreed with a policy of economic growth. Everybody, along with Mario Draghi, was now talking about a policy which obviously (!) would need to be applied in full compliance with tight budgetary plans. In unison they emphasised that austerity and privatisations should retain their priority status, even ahead of growth. All in all, they had to take account of their gradually growing isolation but, firmly acting as they do on behalf of the dominant monopolies, they resolutely held the course they had set.

But then another significant event shook the leaders of the austerity offensive with their unwavering dogmas. The several weeks of strikes and demonstrations by 3.6 million German engineering workers undoubtedly provided them with food for thought.

On 19 April, after lengthy negotiations, the IG Metall union won a wage rise of 4.3%, well above the estimated 2012 inflation rate of 2.3%. It is entirely legitimate to consider this a step forward after 20 years of wage cuts and “moderations” (the last time they got an actual increase was …1992!). It came immediately after a wage rise of 6.3% for public
service workers, also following a broad movement. However, that 4.3% rise was a compromise between the 6.3% demanded and the original offer of 3% from the employers.

One can only very much and with deep satisfaction welcome these results, which have made a considerable breach in the concrete ramparts of austerity, even if it is hard to describe them as a victory in view of the considerable concessions the bureaucrats of IG Metall made over an important point in their own demands. The employers refused to regularise the employment of casual workers hired on short-term contracts. The union chiefs bowed to this refusal, although there are already almost a million casual workers in the sector. In the same way the bureaucrats accepted the employers’ refusal to provide automatic full-time employment of apprentices at the end of their two years of training. Despite overall progress, we cannot talk of a complete victory because of these retreats, which break up unity in workers’ ranks. The final outcome of these negotiations, therefore, brought some consolation for political leaders even if it did not entirely reassure them.

What was won was enough to shake the compact wall of the authorities and their government, especially if you add the results of a regional election (following those in Greece and France) in North Rhine-Westphalia, Germany’s most heavily populated region and a centre of the working class. Merkel’s Christian Democrats (CDU) suffered a notable defeat at the hands of the Social Democratic Party (SPD) there, even though Die Linke – a party you could compare with Syrisa in Greece and Front de Gauche in France – lost a lot of votes. Although we didn’t get the hat-trick, it clearly put supporters of the anti-working class offensive under growing pressure.

With that, all Europe’s leaders, even the Germans, started to talk about the vital need for growth. But they all also obediently tipped their hats to the sacrosanct European Budget Treaty, which is actually a handbook of measures to wage the bourgeois offensive. Partisans of growth, like Hollande, talk about it as a supplement to the Budget Treaty, while Merkel and Co. very clearly emphasise the imperatives of the Treaty as an essential condition for any measures to encourage growth. At this stage it looks as if everybody is being very careful not to say exactly what they mean by “policies for growth”.

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Forced to switch tactics, the bourgeoisie maintains its strategic offensive

A lot could be said about the different ways to achieve economic growth in the capitalist system, but under prevailing conditions there are only two main historically-validated methods.

The first could be described as a policy inspired by a version of Keynes’ doctrines. To put it briefly, it rests on the state massively injecting financial credits for production and investment, and on broad market demand sustained by high wages. The second could be described as the exact opposite, removing the state from that role on the basis that the market supposedly regulates itself, and hoping to drive growth by supplying goods more cheaply.

Obviously there is a considerable difference between the two. In the first instance, wage rises are an indispensable economic condition for growth and for increased and sustained demand, guaranteed by the state standing outside the vagaries of the market. In the second, however, the low level of wages, by reducing production costs, is supposed to provide a lower and therefore more competitive price. As for financing the economy (investment, credit), that is left entirely to the fluctuations of the market.

Very often, the two paths to growth are distinguished crudely and vulgarly as demand management in the first instance and supply-side policy in the second.

The bourgeoisie only turned to the Keynesian path (the first instance) very unwillingly and in a difficult situation in which it faced a vigorous workers’ movement. But it is also true that this policy almost immediately inevitably engenders colossal inflation. That is precisely one of the bourgeoisie’s arguments, if not the most important one, against Keynesian policy. They always object that it is impracticable because the generally relatively high level of wages and their consistent growth cause great inflation.

However, this statement is a cynical lie often used and repeated as a myth or an axiom as if it required neither to be proven nor examined more closely. In fact the fable that rising wages cause inflation both deliberately conceals a very significant and different reality and at the same
time slanders and abuses workers. The reality concealed behind this bare-

faced lie is quite simply the contradictory and unequal relationship be-

tween workers and capitalists.

When the general level of wages rises beyond a certain point ac-
ceptable for the mechanism of the economic system, the share of the profits
which falls to the capitalists as their individual revenue ought to dimin-
ish by at least as much in order to balance out the “excess”. But capital-
ists will never accept a reduction in the share of the profits which falls to
them as revenue while wages rise. On the contrary, the general tendency
is to increase this revenue excessively, not to mention the other share of
the profit which is wasted on financing immense parasitical phenomena
and activities which weigh heavily on the currency. In fact what is ex-
pressed in inflation is the tension arising from the specific contradiction
between this large useless expenditure and the contribution made by
production in relation to these expenses. This is one more irrefutable proof
that this elevated – i.e. decent – level of wages is incompatible with capi-
talism over any length of time. That therefore relegates all the slogans
about a “fair redistribution” of profits to the already over-filled ranks of
utter fantasies. (Which does not exclude the adoption of such slogans
under particular circumstances, where their only value is educative, to
demonstrate in practise how untenable and awful capitalism is).

After this short but necessary detour, we must get back to the con-
troversy which sets the various groupings in the European bourgeoisie
and their representatives at each others’ throats: on the one side the solid
defenders of German monopolies, and on the other those who speak for
the bourgeoisies they dominate. A struggle has started over which of the
two models of economic growth to adopt.

There is a real risk that the offensive against the rights and social
advances workers have made will mutate into or get mixed up with a
struggle to create better conditions for economic growth. This is a seri-
ous and weighty danger. It would mean taking the path of wage cuts,
speed-up and deteriorating working conditions, the extension of casual
working, the destruction of rights; everything that would help reduce
costs and restore and increase that famous competitiveness that is now
so glorified, with a heavy nationalistic flavour.

With a touch of the wand, the current offensive against the work-
ing class would magically become a method and a means to get eco-
nomic growth. Soon it will no doubt be presented as a noble contribu-
tion to growth rather than a direct attack aimed at wiping out the debt. 
That debt is not going to disappear, but the general offensive against the 
working class could well re-appear, lightly disguised and in the form of 
a change in this tactic of frontal attack on the working class and the gains 
it has made into a more beguiling tactic of fighting for economic growth.

It is not excluded that the outcome of the controversy now starting 
will include some sort of mixture of the two variants of growth, a sort of 
rotten fruit of a compromise which will – there is no doubt on this score 
– retain the decisive elements of the anti-working class offensive.

From now on working people have every reason to concentrate 
their efforts on defending their gains and rights, in particular those which 
are particularly threatened and picked on a drag and a hindrance to clas-
sical capitalist economic growth. They are for the most part condensed 
and contained in the arrangements in the various country’s labour laws 
(which have all had a battering anyway) and the positive regulations 
which protect workers from the growing spread of casualisation. It goes 
without saying that a close eye must be kept on how wages develop in 
order to stimulate a constant struggle to increase them, especially since 
the capitalists, who might even grant a wage increase in “the interests of 
growth”, have already announced that they are prepared to allow a cer-
tain level of inflation. You can be sure – also in advance – that this level 
will settle at the precise point where inflation wipes out any benefits 
from a wage increase.

One thing is certain: the almost simultaneous appearance in Greece 
and in France of radical political organisations clearly to the left of the 
Socialist Parties is no accident. They express the first sizeable independ-
ent political regroupments of the European proletariat, clearly based on 
its class interests in opposition to the bourgeoisie and its servants.

After so many decades of retreats and defeats, the birth of these 
organisations is an encouraging sign that could be followed in other coun-
tries, such as with their German precursor, “Die Linke”. So it is hardly 
surprising, after so many often bitter experiences, mistakes and disap-
pointments both tragic and regrettable, that these new formations see 
the light of day as coalitions of forces and organisations that have joined
together. And that is why, besides the fact that they are the first-born, these coalitions of groups cannot come into the world fully armed like Pallas Athene of mythology from the head of Zeus. They do not possess the inner consistency nor have they had the time needed to work out and test a complete framework for the historical struggle of the proletariat. Considerable as it is, their role in this most important and now irresistible awakening of the working class and its path towards re-conquering a complete theoretical, political and organisational framework will no doubt be transitory.

Certainly their halfway-house position gives rise to notable weaknesses in all these organisations but, in the furnace of experience and struggle, they will have the opportunity to evolve rapidly – in either a good or a bad direction.

The first inconsistency is that these organisations, while expressing a correct independent policy in the face of and against the bourgeoisie’s general offensive, still remain dependent on the trajectory that same bourgeoisie follows. Syriza in Greece and Front de Gauche in France define themselves in relation to the policy of the bourgeoisie; they do not have an independent working-class policy. That is why they have sought a place on the bourgeoisie’s chess-board and will eventually try to stand alongside the “progressive” wing that has recently appeared in the form of the growth policy I described as neo-Keynesianism.

The second weakness is also bound up with the partial nature of their break with the bourgeoisie. It is their containment within national boundaries, as that class is, which prevents them from appearing on an (at least) European stage in order for example to bring about the unity of their slogans and actions on an international level. This national horizon also blocks them from organising their movements at a European level, particularly in Italy and Spain. Instead of being open to Europe, they confine themselves to occasional contacts and meetings, like any old-style bourgeois or social democratic party.

But despite these weaknesses and gaps, it is obvious that all working people and every single one of their organisations should help and support them. In France, the three Trotskyist organisations (two of which can lay ever-diminishing claim to the name) have made a big mistake in refusing to join Front de Gauche in an electoral alliance. It is high time to
put that right. No formation which claims reference to class struggle should waste its efforts; they should all support these promising experiences, Front de Gauche in France and Syriza in Greece, first of all by helping them to turn decisively towards the trade unions and organise with them a broad and militant European front with massive actions.

The struggle for the nationalisation of the banks under workers’ control has a special place here as the only effective way to struggle against the crisis and its effects. In this framework, the demand to refuse to repay the debt incurred by a prodigal and careless bourgeoisie will also have value as a test of how determined people are to break with that class.

Finally, it is high time to open a broader horizon and a consistent struggle against a Europe of poverty and break-up, to prepare and achieve a Working People’s Europe.

While working people and their organisations as a whole recognise the value of these new formations, support and aid should also be extended to those in other workers’ parties who seriously oppose concepts of economic growth that are thought up and put into practice against the interests of the working class. There is no reason to criticise and condemn support for a political action that is correct, even if it is social-democratic; the mistake would be to buy into it completely and accept and identify with it.

Balazs Nagy, Member, Workers International, May 2012
To defend the workers and people of Greece — first victims of capital’s offensive, organise

A Euro-March on Brussels!

A response to the *Common Appeal for the Rescue of the People of Europe* by Mikis Theodorakis and Manolis Glezos

So from their shattered country, prominent voices call on the peoples of Europe to defend themselves and come to the aid of Greece and its working people. The working people of Greece above all, with their living standards and whole livelihood and public property, are under vicious attack. Their very existence is threatened by the intensified, concentrated onslaught of aggressive, arrogant world capital.

Greece was the cradle of our civilisation and is now the first target chosen for the destruction of those gains the modern age has added to an old civilisation: the right to fair wages, to work and decent housing, to social equality and overall individual and collective freedom.

Greece symbolises all of this. The fact that capital is attempting to suppress and deliberately smash all these rights and advantages so lately won by civilisation means that with them we lose that civilisation born in Greece which is the foundation and natural framework of all our achievements. Theodorakis and Glezos are a thousand time right to invoke the dark shadow of fascism on a Europe stunned and made vulnerable by capital.

Greece and her working people are are in a particularly difficult position — and slandered and denigrated as well — because they have been picked as the first target of a creeping barrage of capital’s heavy artillery. But don’t fool yourselves! The strategists of capital already have working people in other countries in their sights, indeed they have even scored some hits. Portuguese, Spanish, Italians and all the rest … none will not be spared the shattering fire of this class war.

We do not have the same specific analysis of the crisis and its effects as the authors of the Greek appeal. We believe that the workers and other working people of Greece are the main target; that they are attacked,
not because the are Greek, Italian or whatever, but because they are workers; and that the attack is organised and led by the world bourgeoisie, and not just by the American banks, which are merely one pernicious head of an immense, thousand-headed hydra.

Whether they are elected like Merkel and Sarkozy or unelected like Papademos and Monti, ruling politicians are infinitely closer to Goldman Sachs than they are to the workers of Athens, Rome or Berlin, who in turn are the class brothers of Greek, Portuguese or British workers. The present crisis in Europe – to speak only of Europe – and the “solutions” proposed are a particularly significant new episode in over a century of class struggle. The way the European entity and its institutions are set up means it is neither neutral nor well-meaning in this struggle, but an instrument of war against the social, political and cultural gains working people have made. If you want proof, observe how it is part of the hated “Trioka” and its pitiless dictatorship over Greece. But even though we have different views, there can only be one response by the working people of Europe to the appeal from Greece: massive support.

It is high time to resist capital’s attacks. Workers throughout Europe should take up the only weapon at their disposal: the organisation of their ranks. All they have to defend themselves with is their ability to mobilise. Things are urgent and it must start immediately. It must be focused and it must be strong. Hesitation and failure to concentrate our forces weakens us and strengthens our attackers.

The immediate aim of the campaign is to defend the working people and the whole people of Greece.

- Down with the dictatorship of the Troika and its barefaced extortion!
- Throw this three-headed monster out of Greece!
- The people of Greece alone are have the sovereign right to decide what to do about the debt!

As a way to carry the struggle forward, we should without delay prepare and organise a march of the working people of Europe on the Brussels headquarters which directs the bourgeoisie’s attacks.

Working people of every country should organise columns which can converge on Brussels to express their determined opposition to the
predators and their desire to reduce their first victims, Greece, to the status of a colony. In Brussels, they should organise a huge demonstration of the determination and united strength of the working people of Europe as a culmination of the first stage of the action and a prelude to a broader struggle.

In preparing to defend the people of Greece and in order to get rid of the permanent threat hanging over all working people and all peoples, we should build support for the main central demand: *for a Working People’s Europe!*

The very recent general strike against the same enemies by working people in Belgium as well as the decision of the European Trade Union Confederation to hold a big joint action at the end of February show that favourable opportunities exist for such an action.

Let us seize these opportunities to start our action in order to strengthen the defence and resistance of working people throughout Europe.

_Balazs Nagy, Member, Workers’ International,
February 2012_