

**Workshop: Financialization - Capitalist Oligarchies/Hegemony - Production and Consumption Pattern - Work on Analyses and Alternatives**

I have been offered a real challenge: I have been asked to speak on a **highly controversial**, and at the same time centrally important topic:

**“What has changed since the manifest beginning of the Global Financial Crisis and the Euro Crisis, with and by the crisis management? – on the question and on the thesis of a new stage of neo-liberal transformation of the EU”.**

I shall try to formulate my response as a politician of DIE LINKE and of the European Left. Both are interested in an exchange with intellectuals, in order to improve our common understanding of the present situation. The difficulties, I shall have to face, do begin with a elementary one: It has ceased to be self-evident what it means to “strengthen left-wing politics, on the way towards developing a socialist policy for our times”. It is not even clear any more, what it means to ask this question. We therefore have to find new ways to make this a pertinent question again, and at least to begin to answer it.

This is the basic issue our work on political strategies has to address, and it currently is the object of discussions, even of battles, among the political forces of the left. In the present difficult situation, frankness, openness and transparency offer the only chance we have for coping with it.

I therefore would like to begin by openly declaring my own fundamental positions, in order to help you to situate what I shall have to say on the specific issue on our agenda:

My overarching ideal of a society of freedom and equality, of a society built on solidarity and moving towards ecological sustainability informs all my political actions, basically oriented towards liberating human societies from their present domination by the capitalist mode of production.

I see my main purpose, currently, in a permanent search for actions serving to make such an anti-capitalist liberation struggle tangible and successful in our everyday politics and in our everyday lives. This means to combine radical, principled criticism and opposition against those structures and “elites” causing and driving the present crises, with a pragmatic and realistic flexibility in tactical choices.

I am convinced that we should not prevent ourselves from acting in time by trying to find out in advance, before engaging in our struggles, what would be a course of

action that could be totally free from errors and mistakes: Acting under urgency, we rather shall have to go on struggling, while learning openly from our mistakes and from what we did not do well enough

These points of principle will serve as a background to my argument, especially helping to explain my conclusion which will lead to the proposal I shall submit at the end of my contribution.

But now, at last:

“What has changed since the manifest beginning of the global financial crisis and the Euro crisis, with and by the crisis management? – On the question and on the thesis of a new stage of neo-liberal transformation of the EU.”

I have been fortunate to find the following quotation in one of the “provocation papers“: Leif Johansson, Chairman of *Ericsson and of the European Round Table of Industrials (ERT)* has openly declared: "The economic crisis may have given us the chance to change things in the right direction. There is no time to waste. I am optimistic about Europe's future but we must urgently carry out the necessary reforms to improve the investment climate"<sup>1</sup>.

I should like, *first*, to highlight one very important background project underlying this statement: the project of reinforcing the EU's economic and monetary union and to proceed towards a strong political union supposed to make the European Union a strong global agency. This anticipated global agency will serve two main aims:

to keep and to increase global competitiveness of the EU (and its leading member states) while at the same time strengthening its “security”. This will mean more competition, more militarization, more surveillance and more repression, to sum up, more constraints and more violence. In order to push this through, the post-democratic tendencies will be further reinforced; i.e. the pressure on the democratic, social and ecological standards, on the democratic and social rights of people will further rise – on the EU level, as well as in the member states. The heads of state and government are well aware of this. But they also know that this will not pass without resistance. They will have to hide it again, in taking decisive steps, in intergovernmental agreements even beyond the democratic deficit of the EU institutions. At the same time they will accept some few compromises with people's demands, at least within some of the stronger member states.

This is the background to the ambitious statement of its current political project formulated by the EU Commission:

“Europe faces a moment of transformation. The crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the meantime,

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<sup>1</sup> <http://www.ert.eu/sites/default/files/ERTpressrelease%20-%20Industrial%20Renaissance%20160513.pdf>

the world is moving fast and long-term challenges – globalization, pressure on resources, ageing – intensify. The EU must now take charge of its future.”

“Europe can succeed if it acts collectively, as a Union. We need a strategy to help us come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Europe 2020 sets out a vision of Europe's social market economy for the 21st century.”

(COMMUNICATION FROM THE COMMISSION: EUROPE 2020 A strategy for smart, sustainable and inclusive growth, COM(2010) 2020 final, Brussels, 3.3.2010, p. 5)

And what the European Commission will not be able to bring about by ordinary procedures, the Council of Ministers will have to achieve by the extraordinary ways open to it – reaching from political consensus and concerted action among the willing to formalized inter-governmental agreements, if need be with a “variable geometry”.

This post-democratic tendency is not new. What is, in fact, new, however, is its present and coming strength, some of its instruments, some of its concrete and specific consequences, and the sharpness of the conflicting interests this development will make inevitable.

The recent history of crisis management in the EU has shown this very clearly:

When in May 2010 the current kind of stabilization mechanism, consisting of

- the European Financial Stabilization Mechanism (EFSM) and
- the European Financial Stability Facility (EFSF)

has been set up, an important strategic decision has been taken: The decision to keep the Euro system alive that privileges the economically strongest members and to do this in a way that further strengthens the role of the economically strongest within the EU.

Consequently, in October 2012, a permanent rescue mechanism for euro area member states - the European Stability Mechanism (ESM) - has been established.

The problem in this has not been the rescue and stabilization of the EMU as such, but the way this has been done: with a blatant political orientation on dominant elite interests, ignoring the interests of the majorities of European populations, especially the socially weakest, bypassing even the low democratic standards of the EU, while further shifting the balance of social, economic and political power in favor of the economically and politically leading forces within the EU. This has been possible because of the strategic weakness of the European left – on the EU level, but also, and decisively within those member states, where these economically and politically leading forces are mainly based: Above all in Germany, France, the UK and in their preferred partner states like Austria, the Netherlands, Belgium and Luxemburg, and also in the Scandinavian countries.

At first sight and superficially considered, the end of the EMU – and potentially also the end of the EU – seem to be the most evident alternative to this present state of Europe, and especially to the path of development defined by the strategic decisions of 2010 which I have referred to. We should, however, not deceive ourselves to think that this could in any way turn out to be better for the common people of the EU or for the populations of its member

states: Quite to the contrary, it is to be anticipated that the competing capitalist oligarchies would be able to 'delegate' the costs of this major destruction process down to the people, while at the same time destroying the few remaining basic rights of EU citizens.

This is the spirit in which the EU, in the last years,

- has reformed the Stability and Growth Pact (Six-Pack)
- has set up the "European semester" of integrated multilateral economic and budgetary surveillance
- has introduced a new procedure macroeconomic surveillance
- has agreed on regulations to enhance economic surveillance, coordination, integration and convergence amongst euro area Member States (Two-Pack)

25 out of 27 Member States have agreed on a Treaty for Stability, Coordination and Governance, on the Fiscal Compact. It has entered into force at the beginning of this year and is supposed to further strengthen budgetary discipline and economic governance among the member states, which have signed the compact. And it has now implementing a ruthless political program of austerity on all levels of the multi-level political system in Europe, with destructive effects on long-term possibilities of sustainable development.

#### What is hiding underneath this pro-active surface?

At first an enormous destruction of democracy and an increase in repression meant to prevent any democratic political change in one of the member states that could challenge the construction of the EMU and EU, by changing its present internal balance of power.

This destruction of democracy will be accompanied by a new wave of commercialization and privatization – i.e. by the same process, which has prepared the present crisis of the EU economy. In the name of budget stability, the public sector should be made even more subservient to the private sector. In some areas it should shrink still much more. I should like to quote Jörg Asmussen on this – the quotation is also available in the "provocation paper package". It concerns the "Greek financing gap" which needs to be closed to ensure the involvement of the International Monetary Fund. "The level will for one depend on the extent to which Greece will be able to privatize assets."

When you look at the statistics you may see that the degree of privatization is already extremely high in Greece. So "privatizing assets" could only mean that the Greek state sells its shares in the privatized enterprises to foreign private companies resp. TNCs.

It is completely clear that especially German, French, British, and American companies would be the winners. And it is also a tragic fact that with the privatization processes a renewed extractivism is going on. The "private sector" is determined and represented above all by the agencies based upon or connected with TNCs – or, in more explicit terms: with

capital owners and capital elites whose strategies of capital accumulation are connected with constructing and expanding TNC groups.

In November 2012 the Commission has presented a Blueprint for a deep and genuine Economic and Monetary Union, which sets out further steps in the same direction.

In the meantime, member states have reached an agreement on a Single Supervisory

The real problem in all this is the following: It is true that some unavoidable steps towards a really functioning EMU have been taken, but this has been done by way of compromises exactly with those who have been directly responsible for the outbreak of the financial crisis and, therefore, the underlying causes for the crisis have not been addressed.

Just to remind you of what we have said over and over again:

- the deregulation and liberalization of financial markets,
- increasing discrepancies in the distribution of incomes and wealth and hence the existence of liquid money funds on a grand scale,
- over-accumulation of capital,
- global, as well as European imbalances in trade and in payments,
- privatization of public goods – especially of social security systems,

these policies have all contributed to bringing about the present unstable constellation, and, thereby, they all have contributed to its present crisis. And exactly these elements are being further reinforced by the dominant “anti-crisis policy” which attempts to gain power and finance by destroying social standards, and by enforcing further privatization – especially of social security systems – while mobilizing infrastructure investments for ecologically and socially harmful developments in the framework of the “Europe 2020 Bonds Initiative”.

Therefore, the ruling elites in the EU, under pressure from a growing orientation even of the elites in some member countries to their respective nation-state, are increasingly facing three groups of problems:

- their “anti-crisis policy” increases social and territorial inequality and imbalances in the EU which will weaken its global competitiveness,
- their “anti-crisis policy” tends to reinforce nationalist political actors, while they need “more EU, more Europe” for protecting and increasing their role within Europe and in the world at large,
- their “anti-crisis policy” creates more insecurity, while they need increasing internal security, energy and resource security, as well as transportation and production security; while they urgently need increase external security, striving for an increase of their global power in the face of growing global insecurity.

More “sustainable growth”, more “defence” and more “global engagement”, “more free trade” are the slogans which accompany their corresponding policies. “More free trade” is reclaimed

in order to work in two directions: In the direction of neo-colonial policy in relation to the economically weak and dependent countries and in the direction of free trade agreements with the old partners and global competitors trying to foster their competitiveness against the newcomers like the BRICS states, and by-passing even the soft democratic achievements in this respect, as they still exist on member state or EU level. They have started to organize a new phase of neo-liberal politics, giving up its earlier promises of “liberation” and “prosperity” and concentrating on “order” and “competitiveness” – to be defended at high cost in a world of chaos, asking people to be reigned in, submitting to economic hardship and post-democratic submission, in order to avoid “the worst”. And they have, in fact, begun to do this on a grand, European and global scale: That they have been able to reanimate the negotiations on a transatlantic free trade agreement which will put paid to the social, democratic, and ecological achievements of EU law is in itself a clear indicator of this. They are far from certain to succeed – but they have started to grope towards a way forward for them. On our side, however, I see an extremely fragmented left in Europe, unable to develop common strategies effectively addressing the new situation of crisis and the emerging crisis management of the dominant forces.

In such a difficult situation - what could be my conclusion and what can I propose in order to overcome the “prison dilemma” left wing forces find themselves in? It is simple, but very complicated to achieve in the sense of Brecht’s “Praise for Communism” – it is something simple which is extremely difficult to realize. What is, in fact, extremely difficult is that the left wing people in Germany, France, UK, Germany, Denmark, Sweden, Austria and Luxembourg have to learn that they have to change their own way of life when they want to be Europeans in a truly left wing perspective. It is not enough to say this with regard to the global South, which seems so far away and can therefore be referred to in very abstract terms, but with regard to our very neighboring countries which we have to address and deal with concretely. Even in looking at the social problems inside our “own” countries, it is necessary for us to see them in their real context, i.e. become aware of the social problems in the other EU member states.

In conclusion, I do propose a left wing European initiative under the possible slogan of “Supporting and strengthening the socially weakest crisis victims – Now and Everywhere!”. Such an initiative would challenge the entire construction of the dominant “anti-crisis policy”, by attacking its very basis: The loss of hope and the growing despair of the people of Europe. And a campaign under such a working title will demand to overcome a traditional element of left thinking in terms like “We have to pick up the people where they are and the people think of themselves first”, “First we need growth”, “It will reduce our election results” or even of “We should orient our politics directly towards the destruction of capitalism”.

And I should like to stress here, that my proposal is effectively much more anti-capitalist than the last slogan – because it gives an orientation towards a real and active solidarity, looking for concrete and specific possibilities of common action – in this very moment, as well as in a short, a middle and a long term perspective. This kind of search will include searching for contradicting interests, also between “the capitalists” who are, in fact, very different as SMEs and TNCs –, but also in terms of different groups of member state based capitalist oligarchies which in fact dominate the present development of the EU. I am really convinced that such a campaign as I have proposed will not reduce any election success. Quite to the contrary: it would give a European credibility to our national campaigns! My proposal to the “club” of you sitting here, therefore, is a very simple one: to draft a paper – in scientific terms – which will explain what it would mean, in its social, economic, ecological and political dimensions, what we should ask for, as I have proposed:

“Supporting and strengthening the socially weakest crisis victims – Now!”