

## Some Points for the Discussion

### For the Warm-up Round: What has changed since the open beginning of the crisis in 2008?

*Social inequalities are rising, also among the leftists, among ourselves, especially related to generations and the conditions of life in specific countries and regions – what does it mean for our work on common strategies?*

Everywhere young students have little hopes of finding (long term, stable) employment after leaving university. In the CEE and “crisis countries” a large mass of people are confronted by poverty, especially young people regardless of their qualification, knowledge, and skills. Sergio: “The only way out I can see is to leave Greece, like many of my friends after finishing my PhD.”

Older people in the core states can deal with the crisis.

*The ruling policy has increased and reinforced existing hierarchies, while social repression is rising and responsible institutions are ‘improving’ and getting even more complex and difficult to control – what does this mean for the social and political forces struggling for democratisation?*

“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>, declared Leif Johansson, Chairman of Ericsson and of the European Round Table of Industrials (ERT) on the European Business Summit in May. His very clear speech in fact articulates a full-fledged attack on democratic, social and ecologic standards, as well as on the still existing conditions for a socially and ecologically sustainable development in global solidarity.

“To improve the investment climate” is the basic aim and objective for “reforms” in the member countries connected with the slogan “debt reduction, consolidation of public finance”.

So we are facing – e.g. in the Europe 2020 investment bonds initiative – the renewed attempt at shifting public expenditure from social welfare to infrastructure spending. The social security systems should be privatised for “liberating” resources for infrastructure investments, more specifically for the highly debatable “Connecting Europe” plans.

*The ruling EU policy is contradictory: It is more or less oriented towards*

- *a global agency determined above all by hegemonic German and French capital interests in global competitiveness and “security”,*

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

- *a more comprehensive partnership with the United States for global competitiveness and “security” ,*
- *realizing hegemonic capital interests within member states.*

*What does this mean for modern left wing policy in Europe and what is “modern left wing policy”?*

The austerity policy has deepened the contradictions. The predominant tendency of European politics is swaying between the first and the second tendency regarding or derived from the third, as laid out in the last question. The result is a polarization between “more Europa” in actual technocratic crisis management, on the one hand, and more nationalism in national ideologico-political arenas, on the other – with the general effect of an on-going oligarchisation of the ruling capital owners and elites in the EU, whose dominance is hidden by European technocracy as well as by national ideologies.

Jan wrote: “The most crucial changes in the EU are the growing realisation in the EU Commission and the ECB that their favourite projects of European integration, the European Union and the Euro, are now threatened by nationalist reaction to austerity. This has cast doubt on the wisdom of their austerity policies, so that there is now a tendency to vacillate between insisting on austerity, while declaring support for economic growth without specifying the policies whereby this growth is to be achieved.”

*On the global level the old powers have started an offensive against the new “emerging countries” which possess and need energy and other industrial resources. The main instruments of this attack are free trade, financialisation and militarisation, while at the same time having to accept global changes: Which are the main consequences of this changing situation for the left in Europe which is still caught in a situation of political defensive?*

Leonidas wrote: “On the global level the three most crucial changes of the last year were: First, the transatlantic efforts of liberalization of bilateral trade. Second, the escalation of crisis in Middle East with the threat of an imminent foreign imperialist invasion in Syria and the very recent restoration of Mubarak regime in Egypt which symbolizes the early death of Arab spring. Third, among many others, the revelation of the global surveillance net of USA which, for the first time during the last two decades, leads capitalism to apologize for the shrinkage of civil liberties.”

Jan mentioned: “On the global level, the key recent changes have been the elimination of the Chinese trade surplus, limiting the ability of China to continue to be the export market for the rest of the world; attempts to avoid the financial and monetary consequences of this elimination by creating a Renminbi currency area; falling raw material prices, bringing deflation and debt problems to developing and emerging market economies (including the supposedly invincible BRICs countries); continuing wage deflation in Europe and North America, exacerbating debt problems

in those regions; continuing nationalist reaction (in the case of the Middle East, religious conflicts).”

Claude said: “One, it would be obviously wrong to speak of the end of the economic crisis which began in 2008, though some continental regions or countries seem to be less harshly hurt than the Eurozone is. The current trajectory of capitalism is plagued not only with an economic crisis, but also meets a growing confrontation with the physical (natural, environmental) conditions of its reproduction.

Two, what I called the ‘Mondialisation armée’ (in a book written before September 11<sup>th</sup> 2001) has not exhausted its full consequences. The use of violence, through ‘classical’ wars against other nations (on behalf of human rights) or against the ‘enemies of within’ (on behalf of security) did not decline in recent years. This is a reminder that an ‘iron fist’ is much more indispensable than an ‘invisible hand’ to sustain (the so-called) ‘market laws’.”

Kees explained: “The spreading, permanent war and now (within days possibly) a major new war launched by the US and France against Syria to reverse the gains made recently by the government forces with the help of Hezbollah and Iran. This may trigger a vast conflict given Iran’s and also Russia’s close involvement in Syria.”

## **Some points of reference to help to our discussion on Friday afternoon**

“Does financialisation represent a return of finance-capital? The answer is no, but the analogy casts light on the current period for the following reasons.

First, ... banks and large industrial or commercial enterprises have not come closer together in recent decades, and nor is there evidence that banks hold the upper hand in relations with industry. Large corporations have become more distant from banks ... Banks have sought profits in ‘financialised’ personal incomes as well as in mediating transactions in open financial markets.

Second, the character of financial systems has changed in ways incompatible with the theory of finance capital ... (Lapavitsas 2013: 48).

Third, for both Hilferding and Lenin, exclusive trading zones are vital to the emergence of territorial empires. But financialised capitalism has not produced phenomena of this type; instead there have been pressures for lower tariffs and a homogenous institutional framework of trading ...

Fourth, Hilferding’s theory has little to say on the systematic intervention of the state in the sphere of finance, despite his predilection for ‘organised capitalism’. But the state has been pivotal to the rise of financialisation. ...

Finally, fifth, financialisation has been accompanied by extraordinary turbulence in the international-monetary system. Gold – the world-money of Hilferding’s and Lenin’s day has become marginal to the international monetary system, a reserve of last resort.” (Lapavitsas 2013: 49)

“Financialisation, in short, does not amount to dominance of banks over industrial and commercial capital. It stands, rather, for increasing autonomy of the financial sector. Industrial and commercial capitals are able to borrow in open financial markets, thus becoming heavily implicated in financial transactions. Financial institutions have sought new sources of profitability in financial expropriation and investment-banking. Meanwhile, workers have been increasingly drawn into the realm of private finance to meet basic needs, including housing, consumption, education health and provision for old age. This has been an era of unstable and low growth, stagnant real wages, and frequent financial bubbles. The current crisis represents a gigantic concatenation of the imbalances, tensions and exploitative aspects of financialised capitalism. The need of alternative economic organization that is crisis free while serving is the interests of working people is apparent.” (Lapavitsas 2013: 49)

Lapavitsas, C. (2013). Financialised Capitalism: Crisis and Financial Expropriation. In: C. Lapavitsas, Financialisation in Crisis (S. 15-50). Chicago: Haymarket Books.

“For Securitization in International relations, see Securitization (international relations).

Securitization is the financial practice of pooling various types of contractual debt, such as residential mortgages, commercial mortgages, auto loans, or credit card debt obligations, and selling said consolidated debt as pass-through securities, or collateralized mortgage obligation (CMOs) to various investors. The cash collected from the financial instruments underlying the security is paid to the various investors who had advance money for that right. Securities backed by residential mortgage receivables are called residential-mortgage-backed securities (RMBS), while those backed by other types of receivables are asset-backed securities (ABS).[1]

Securitization can provide many advantages, such as lower cost of capital, diversification for investors, enhanced liquidity and others.[2] However, critics have suggested that the complexity inherent in securitization can limit investors' ability to monitor risk, and that competitive securitization markets with multiple securitizers may be particularly prone to sharp declines in underwriting standards. Private, competitive mortgage securitization is believed to have played an important role in the US subprime mortgage crisis.[3]

In addition, off–balance sheet treatment of securitizations along with guarantees from the issuer can hide the extent of leverage of the securitizing firm, thereby facilitating risky capital structures and leading to an underpricing of credit risk. Off–balance

sheet securitizations are believed to have played a large role in the high leverage level of US financial institutions before the financial crisis and in the need for bailouts.[4]

The granularity of pools of securitized assets mitigates the credit risk of individual borrowers. Unlike general corporate debt, the credit quality of securitized debt is non-stationary due to changes in volatility that are time- and structure-dependent. If the transaction is properly structured and the pool performs as expected, the credit risk of all tranches of structured debt improves; if improperly structured, the affected tranches may experience dramatic credit deterioration and loss.[5]

Securitization has evolved from its tentative beginnings in the late 1970s to an estimated outstanding \$10.24 trillion in the United States and \$2.25 trillion in Europe as of the 2nd quarter of 2008. In 2007, ABS issuance amounted to \$3.455 trillion in the United States and \$652 billion in Europe.[6] Whole-business securitization (WBS) arrangements, in which senior creditors of an insolvent business effectively gain the right to control the company, first appeared in the United Kingdom in the 1990s and became common in various Commonwealth legal systems.[7]"

<http://en.wikipedia.org/wiki/Securitization>

## **Some points of reference to help to our discussion on Saturday morning**

"If we look back and think about what we have done together to unite Europe throughout the crisis, I think it is fair to say that we would never have thought all of this possible 5 years ago. We are fundamentally reforming the financial sector so that people's savings are safe. We have improved the way governments work together, how they return to sound public finances and modernise their economies. We have mobilised over 700 billion euro to pull crisis-struck countries back from the brink, the biggest effort ever in stabilisation between countries."

"Now is the time for all those who care about Europe, whatever their political or ideological position, wherever they come from, to speak up for Europe."

"We see that the countries who are most vulnerable to the crisis and are now doing most to reform their economies, are starting to note positive results."

"The legislative process on the Single Supervisory Mechanism is almost completed. The next step is the ECBs independent valuation of banks assets, before it takes up its supervisory role. Our attention now must urgently turn to the Single Resolution Mechanism ... It is the way to ensure that taxpayers are no longer the ones in the front line for paying the price of bank failure. It is the way to make progress in decoupling bank from sovereign risk.

It is the way to remedy one of the most alarming and unacceptable results of the crisis: increased fragmentation of Europe's financial sector and credit markets - even an implicit re-nationalisation. And it is also the way to help restoring normal lending to the economy, notably to SMEs. Because in spite of the accommodating monetary policy, credit is not yet sufficiently flowing to the economy across the euro area ... growth, which is necessary to remedy today's most pressing problem: unemployment. The current level of unemployment is economically unsustainable, politically untenable, socially unacceptable."

"Europe therefore must speed up the pace of structural reforms. Our Country Specific Recommendations set out what the member states must do in this respect. At EU level - because there is what can be done at national level and what can be done at European level -, the focus should be on what matters most for the real economy: exploiting the full potential of the single market comes first.

We have a well-functioning single market for goods, and we see the economic benefits of that. We need to extend the same formula to other areas: mobility, communications, energy, finance and e-commerce, to name but a few. We have to remove the obstacles that hold back dynamic companies and people. We have to complete connecting Europe."

"The single market is a key lever for competitiveness and employment. Adopting all remaining proposals under the Single Market Act I and II, and implementing the Connecting Europe Facility in the next few months, we lay the foundations for prosperity in the years to come. We are also adapting to a dynamic transformation on a global scale, so we must encourage this innovative dynamism at a European scale. That is why we must also invest more in innovation, in technology and the role of science. I have great faith in science, in the capacity of the human mind and a creative society to solve its problems."

"And whilst fighting climate change, our 20-20-20 goals have set our economy on the path to green growth and resource efficiency, reducing costs and creating jobs."

"... we have a significant and increasing trade surplus of more than 300 billion euro a year, goods, services, and agriculture. We need to build on that. This too will demand our full attention in the months to come, notably with the *Transatlantic Trade and Investment Partnership* with the US and the negotiations with Canada and Japan. ...The EU budget is the most concrete lever we have at hand to boost investments. In some of our regions, the European Union budget is the only way to get public investment because they don't have the sources at national level. ... Let us now make sure that the programmes can start on the 1st of January 2014. That the results are being felt on the ground. And that we use the possibilities of innovative financing, from instruments that have already started, to EIB money, to project bonds."

“We have to shape a new normal. We are in a transformative period of history. We have to understand that, and not just say it. But we have to draw all the consequences from that ...”

“... the biggest downside risk I see is political: lack of stability and lack of determination. Over the last years we have seen that anything that casts doubt on governments' commitment to reform is instantly punished. On the positive side, strong and convincing decisions have an important and immediate impact.”

“Whether defending our interests in international trade, securing our energy provision, or restoring people's sense of fairness by fighting tax fraud and tax evasion: only by acting as a Union do we pull our weight at the world stage.”

“I believe a political union needs to be our political horizon ... This is the indispensable way forward to consolidate our progress and ensure the future.

Ultimately, the solidity of our policies, namely of the economic and monetary union, depend on the credibility of the political and institutional construct that supports it.

So we have mapped out, in the Commission Blueprint for a deep and genuine Economic and Monetary Union, not only the economic and monetary features, but also the necessities, possibilities and limits of deepening our institutional set-up in the medium and long term.”

“We cannot do member states' work for them. The responsibility remains theirs. But we can and must complement it with European responsibility and European solidarity.”

“For that reason, strengthening the social dimension is a priority for the months to come, together with our social partners. The Commission will come with its communication on the social dimension of the economic and monetary union on the 2nd of October. Solidarity is a key element of what being part of Europe is all about, and something to take pride in.”

Manuel Barroso: State of the Union address 2013

[http://europa.eu/rapid/press-release\\_SPEECH-13-684\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-13-684_en.htm)

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“Capital-markets effect a socialisation *sui generis* of debt and of capital itself, with potential benefits for the capitalist class as a whole.” (Dos Santos 2013: 108)

Santos, dos Paulo L. (2013): *On the Content on Contemporary Capitalism*, in: Lapavitsas a.a.O., 83-118.

“We are ... committed to taking resolute action to address financial market tensions, restore confidence and revive growth. We reaffirm our commitment to preserve the EMU and put it on a more solid basis for the future. Strong, smart, sustainable and

inclusive growth, based on sound public finances, structural reforms and investment to boost competitiveness, remains our key priority.” (European Council 2012: 1)  
[http://consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/131388.pdf](http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf)

“The supply of affordable and sustainable energy to our economies is crucial in that respect. This is why the European Council agreed today on a series of guidelines in four fields which together should allow the EU to foster its competitiveness and respond to the challenge of high prices and cost: urgent completion of a fully functioning and interconnected internal energy market, facilitation of the required investment in energy, diversification of Europe's supplies and enhanced energy efficiency.” (European Council 2013: 1)  
[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/137197.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137197.pdf)

## **Some points of reference to help to our discussion on Saturday afternoon**

In 2010 and 2012 the European Commission has adopted communications on industrial policy (in the framework of the EU2020 strategy) including resp. highlighting a “flagship initiative” which gives an orientation towards ten key actions:

- "Competitiveness proofing", i.e. the requirement of analyzing the impact of all policy proposals on competitiveness;
- "Fitness checks", i.e. a systematic revision of all existing legislation, aiming at a reduction of the cumulative negative effects of legislation on market processes, so as to cut the costs for businesses in Europe;
- Making it easier for SMEs to access credit, and helping their internationalisation;
- A strategy to promote standardisation;
- A more efficient transport, energy and communication infrastructure and better services for the industry;
- A new strategy on raw materials, creating a corresponding framework for the sustainable supply and for the management of domestic primary raw materials;
- Addressing sector-specific innovation performance with specific actions, in such areas as advanced manufacturing technologies, construction, bio-fuels, as well as road and rail transport, particularly in view of improving resource efficiency;
- Actions to improve framework conditions and to support innovation in energy-intensive industries;
- An industrial policy with regard to space, creating a solid industrial base and covering the whole supply chain;
- Reporting on Europe's and Member State's competitiveness, industrial policies and performances on an annual basis<sup>2</sup>.

This initiative is orientated towards global competitiveness and sustainable growth. The commission has identified six priority areas: a) Key Enabling Technologies, b) Bio-based products, c) Clean Vehicles, d) Smart Grids, e) Sustainable Construction and Production, f) Advanced Manufacturing Technologies for Clean Production.

<sup>2</sup> [http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index\\_en.htm](http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index_en.htm)



For realising the Fiscal Compact more and more of an “Industrial Compact” (Tajani) is being prepared. It should be adopted by the European Council in February 2014. Three tendencies are especially relevant for the developments since 2010:

- *Firstly*, “sustainability” is interpreted as a clear opposite to “sustainability” in the Brundtland report, i.e. in terms of medium-term profitability, instead of long-term durability in all the dimensions made explicit by the report. The biodiversity issue is totally disregarded.
- *Secondly*, the EC communications are exclusively oriented towards free trade, i.e. taking only economic actors into account and not even considering any political actors (the public, the state, civil society, or the EU itself) as such.
- *Thirdly*, the communication introduces a clear military dimension, by the way, as its only dimension which is clearly politically defined: “The EU security industry faces a highly fragmented internal market and a weak industrial base. National regulatory frameworks differ widely and the market for security products is highly diversified, ranging from cameras to complex scanner systems. To provide a security system, manufacturers, system integrators, and service providers have to work closely together with clients. It is essential to develop a fast-track system for approval of priority technologies; to make substantial further progress on harmonisation, standardisation; to consider coordinated public procurement; and to accelerate research on security technologies including dual-use. On the latter the Commission will coordinate with the European Defence Agency.”<sup>3</sup>

In October 2012 the Commission has adopted the flagship initiative – “A Stronger European Industry for Growth and Economic Recovery”<sup>4</sup>. It has launched a new partnership between the EU, its Member States and industry and has focused its proposals on four pillars:

- (1) Investments in innovation, with a focus on six priority areas with great potential (advances manufacturing technologies for clean production; key enabling technologies; bio-based products; sustainable industrial and construction policy and raw materials; clean vehicles and vessels; smart grids);
- (2) better market conditions, both in the Internal Market, with special reference to goods, entrepreneurship and Intellectual Property Rights protection, and in international markets;
- (3) access to finance and capitals, by a better mobilising and targeting of public resources, including loans from the EIB, and by “unlocking” private funds;
- (4) human capital and skills, in order to promote job creation and better anticipation of, and investments in, the skills needed to promote industry's competitiveness.

The new partnership should be the common commitment of all European industrial policy actors to reverse the declining role of industry in Europe from its current level

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<sup>3</sup> European Commission, Communication from the Commission: Europe 2020. A strategy for smart, sustainable and inclusive growth, COM(2010) 2020 final, 3.3.2010, 27.

<sup>4</sup> European Commission, Communication from the Commission: A Stronger European Industry for Growth and Economic Recovery, COM(2012) 582, Brussels, 10.10.2012.

of around 16% of GDP to at least 20% of GDP by 2020<sup>5</sup>. (See the two papers of Judith/Frieder on the blog)

At the end of September 2013 the European Commissioner for Industry and Entrepreneurship Tajani presented two reports on industrial competitiveness facing the crisis and the contradictory ruling “fighting crisis policy” which are defending a strong thesis: “the focus on tackling debt probably **distracted our attention from issues of competitiveness** ... the root of the crisis is the growing competitiveness gap between European economies ...

there are still major **structural imbalances**. The **productivity** gap remains wide, with some countries hampered by **punitive taxation**, inefficient public sectors or slow **judicial systems**. Not to mention the limited capacity for **innovation**, the cost of **energy** and inadequate **infrastructure** ...

The first report on industrial competitiveness in the EU Member States identifies **four groups**:

1. **Highly** competitive countries (Germany, Denmark, Sweden, Austria and Luxembourg);
2. Countries whose competitiveness is **higher than the EU average** on most of indicators, but which still need reforms (Belgium, the Netherlands, the UK, Ireland, Finland, France and Spain);
3. Countries with an **average-to-low** level of competitiveness, which are more or less treading water (Italy, Cyprus, Portugal, Slovenia, Malta and Greece);
4. Countries with a **low** level of competitiveness, but which are **making progress** (Estonia, Poland, Slovakia, the Czech Republic, Croatia, Hungary, Latvia, Lithuania, Romania and Bulgaria) ...

The second report on the competitiveness of European industry shows an **overall improvement in the business climate** and **environmental sustainability**, as well as a trade surplus of EUR 365 billion.

However, **domestic demand remains weak**. Similarly, **investment** is still low and has fallen by **350 billion** since 2007 (from 21.1% to 17.7% of GDP). Whereas in 2001 the EU attracted 45% of **global foreign investment**, today we are at **around 20%**.

**Access to finance** has become more restrictive, particularly for SMEs. The cost of **energy** – already **the highest** among our competitors – has increased even further and is around double that in the **United States** and more than triple that in **China**.”

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<sup>5</sup> [http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/communication-2012/index\\_en.htm](http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/communication-2012/index_en.htm)

“ ... Europe is (just) ahead of the United States only in aerospace, pharmaceuticals and TLC equipment. The United States is well ahead of us in biotechnology, computer hardware, internet, semiconductors and software ...

We have devised industrial **plans** for, among others, **shipbuilding, cars, steel and construction**, as well as a strategy to strengthen **the defence and security industry**. The **task forces** for strengthening the six leading sectors identified in the communication – advanced manufacturing, key enabling technologies, the bio-economy, smart grids, raw materials, sustainable transport and construction – are operational.”

“We know which problems need to be solved to unleash industrial potential: a public sector that works with business, sustainable energy costs, modern infrastructure and research and training that are geared to the market.”

“... we must strengthen **coordination with the Member States** – not only in terms of macro measures for tax consolidation, but also at the **micro level**, which is more closely connected to industrial competitiveness.

**I think that besides the Fiscal Compact we need an Industrial Compact** to balance and integrate action for growth and to attract investments and industrial manufacturing.

[http://europa.eu/rapid/press-release\\_SPEECH-13-745\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-13-745_en.htm)

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For the discussion on the “Greek case” see the responses of Marica, Mirjam, Catherine, Leonidas, Sergio, Andrea, see also and especially the presentation of M

And: Jörg Asmussen, Member of the Executive Board of the ECB:

“Greece will certainly be at the top of the agenda again, with two urgent issues that will need to be resolved this autumn under the ongoing programme. First, it is set to run a budget deficit in 2015 and 2016 ... Second, the ongoing programme reveals a financing gap in the second half of 2014 on the part of the donor countries, which will also need to be closed to ensure the involvement of the International Monetary Fund (IMF), because IMF involvement requires a programme that is fully funded for 12 months in advance.

... The level will for one depend on the extent to which Greece will be able to privatise assets.”

<http://www.ecb.europa.eu/press/key/date/2013/html/sp130912.en.html>

## **Some reference points to help to our discussion on Sunday morning**

As a real socio-ecological transformation, i.e. a social transformation, which resolves human existence problems on the social as well as on the ecological side, appears unrealistic given the continuing rule of capital oligarchies, and the resulting socio-

political balance of power, the development of the EU will foreseeably be determined by the tendencies of the relations of power between its main actors. Slightly simplified, its main problems can be summarized as follows:

(1) Capitalist oligarchies are the main actors of the development of productive forces, of the development of relationships between humans within the social labor process, and of the over-arching socialization by (finance)capital. Since globalization profits – profit maximizing, “security and global capacity to act” – are the driving motives of the capitalist oligarchies, social reproduction cannot take place as a full reproduction of society in its entirety. Even less space is being left for a reproduction of humanity as a whole. On the contrary, the massive social and ecological problems, and the ensuing dramatic human existential questions, continue to intensify.

(2) Since the development of the European Union oscillates between its transformation towards a free trade and security community with the US and its transformation towards a global actor, who is oriented on “globalization profits” of its own, the EU primarily realizes the interests of the capitalist oligarchies and further undermines the already weak potentials to achieve sustainable solutions for central problems.

(3) Given the weakness and make-up of those actors that seek a social-ecological transformation, their possibilities diminish even to slow and, eventually, to prevent the on-going social and ecological destruction, and to begin a socially and ecologically sustainable societal development.

The emancipatory and solidarity-seeking actors face at least three dilemmas:

(a) They are forced to fight defensive battles against the ruling elites, who want to use the crisis to improve their own reproductive conditions and to reinforce their own societal power positions. The subaltern are forced to mobilize simply “against”, to practice an unattractive “nay-saying.”

(b) There can be no solution to the problems within the framework of current EU-law and of the existing institutions. Still, these institutions do not even fully use their legal capacities to improve the situation. Neither can the institutions be easily eliminated nor would the destruction of the institutions increase the potential for solutions. On the contrary, the destruction would destroy even those limited capabilities.

(c) In the short term, it is not possible to begin socially and ecologically sustainable developments on the EU-level. Even less so on the global level.

This assessment is only seemingly hopeless, it does imply some transformational possibilities: as such political strategies need to be followed that combine defensive struggles against the onslaught of the ruling elites with the building of capabilities to act towards a socio-ecological sustainable development, even within EU-law and the existing institutions. In this way “being against” can be given a positive orientation. Contradictions of interests within the institutions can be pointed out and used to

strengthen one's own positions towards limiting and solving the challenges. Coalition possibilities could be developed. The struggle with those dilemmas could thus strengthen a movement, which is oriented towards a socio-ecological transformation, towards attaining full social reproductive capacities.

As such the linchpin would be to obtain for each EU initiative an improvement of the conditions for change. Given the problems, it would be a big success to first realize a stoppage, a prevention, a moment to breathe, through a moratorium, maybe even a small step which would symbolize the political will and possibility for such a change. This moment should be conceptualized and realized as expandable so that the necessary and possible follow-up steps become visible.

This has at least four very practical consequences:

(a) The defensive struggles have the goal of especially defending the democratic, social and ecological standards and to prevent further privatization in whatever form of the public sector as well as new financialization initiatives. At the same time, the aim has to be to prevent (large) industrial projects, which focus on global competitiveness, "security," "global capacity to act" and militarization. Also and in particular, new defensive battles will need to be waged against (new) free trade agreements. This refers to free trade benefitting the economically strongest in the EU and US, which are detrimental for the weak. This also refers to the large free trade projects of the EU and US.

(b) This agenda presupposes collective analysis of the existing balance of power and their relationship with economic- ("4 plus 2"<sup>6</sup>), reproduction-, and social structures. The focus cannot simply be on "the ruling elites," "capital," "the state" or the "capitalist class" but must investigate the who, why and what of this relationship. Not identifying distinctions in the "capitalist class" makes the work on strategies for political change, for a different social development, for realizing socio-ecological transformation even more difficult. It will be of central importance also to address the reasons for the broad social acceptance of the existence, role and politics of the capital oligarchies. There are already many studies on this among the works of the democratically linked alternative researchers as well as in social movements.

(c) Socio-ecological transformation actors who deal especially with the "4 plus 2" should work on positions and alternatives for civilian industrial- and infrastructural policies as well as trade policies. They should clarify how to correlate existing necessities to act with realistic possibilities. As such, focal points could be identified and tasks formulated which are attainable given the time frame, actors and steering

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<sup>6</sup> Energy economy, Transportation, Agriculture / agribusiness, Military-industrial complex plus technology sector and financial sphere – the first four are the biggest resource consumers and polluters which derive their ongoing dynamics from the technology sector and the financial sphere. Together they determine the complex of production and consumption patterns which are directly connected with the power relations within present global society, especially in its economic sphere.

capacities and would thus be a sustainable socio-ecological development. This is in particular the case for locally and regionally focused solutions in regards to the energy supply and the transportation industry. These areas need to be changed due to their resource-, climate-, and environmental intensity and security. Similarly accessible, locally and regionally, are concrete areas of the construction and agricultural economies as well as the respective technologies. They concern the everyday life of citizens. They can take part and influence the construction of a consensus which is necessary for problem solving and for the elimination and change of the “4 plus 2”. They can do so as employees, residents, users and consumers, as customers, as expert citizens, as socially, ecologically, politically engaged, through their organizations and networks (Dellheim, Wolf 2013: 9).

(d) Who is in the social defensive and/or works on the organization of solidarity-based emancipatory counter-power, should actively seek out others who search for or want to search for possibilities to act here and now, in a more self-determined way, with more solidarity and ecological soundness. It is similarly important to seek out those who are in most distress and go to those spaces where decisive battles are fought with the capitalist oligarchies: against concrete (construction- or technological) projects and strategies for the deregulation, commercialization/privatization/financialization of the public sector or rather of social life, as well as against the elimination of democratic, social and ecological standards.

These struggles are mostly taking place in concrete locations and regions where viable coalitions do emerge.

With these consequences, or rather in these concrete struggles with the capitalist oligarchies, and about the future development of the EU, the struggle is also always about the preservation, the democratization and solidarity-based expansion of the public.

The struggle with the capitalist oligarchies mostly takes place as a bundle of societal struggles about democratic influence on social production and reproduction. In this, it is vital that the solidarity-based emancipative powers are able to use objective contradictions and conflicts of interests on the other side. As such, for relevant parts of society, the new technologies and the financialization also brings forth new possibilities of individual independence and new wants for self-determination. Socialization and financialization also furthers interests in self-determined cooperation among those that receive no compensation for their surplus labor. People in very different social situations are interested in their own - and at least their children's - health, education, self-determination, sound nature, peaceful and working everyday life. Actors in the administration, and in local and regional politics, work for the convergence of interests among socially and politically very heterogeneous forces. The “quality of human capital” and of the eco-systems determines the profits of the finance capital but also the life conditions of the subaltern (Brangsch, Dellheim, Spangenberg, Wolf 2012: 15-16).

The actors of the socio-ecological transformation could build up additional strength, if they succeed to live in a culture which is based on four principles: to find, defend, use and expand individual latitude for self-determined, solidarity-based economic activity; to discuss the limits for such activity, to enlighten about the causes and perpetrators of the present crises - in particular the "4 plus 2" and the interaction with capital oligarchies – to make them the focus of collective political struggles; to demand from others to also use, articulate and address their existing capacities to act for ameliorating the problems; to work on local, regional grounded coalitions as well as on trans-regional, European and transnational networks. These coalitions and networks would themselves be oriented towards the sustainability, the democratization and the expansion of the public sector, towards democratic, social and ecological standards, towards alternative local- and regional developments against the standard logic of global competition, against the strategies of the "4 plus 2" actors. The focus is thus also on budget- and financial policies, on infrastructural and industrial policies, on trade policies. Above all the actors of these policies should become transparent to each other and also to all those concerned by these policies. They refer to moments and phases of social reproduction, on concrete influence on conditions of life of socially unequal people, on the conditions of capital accumulation, in particular on conditions of accumulation for the finance capital, on the realization of the interests of capital oligarchies. As such, the need clarify where who can decide what with which social consequences; what this means for those that on the basis of solidarity and emancipation refuse to accept the distribution of competences and rights, who want to interrupt, influence, combat the appropriation process of the capital oligarchies, who want to eliminate and change the "4 plus 2", who want to expand the public sector, who want to improve the democratic, social and ecological standards.

For this the member states and the EU institutions are needed. Finally, "security" needs to be re-interpreted and politically implemented, the TNCs need to be deprived of economic support. They need to be hindered to speculate, to financialize, to strategically take part in destructive investments – by taxation and trade- regulation as well as by economic regulations. After that, the networks of the elites need to be dismantled, the finance capital needs to be "dissected" and truly socialized. This presupposes a deep change of power constellations, which would cause changes in the EU member state governments and respective political changes. These would be the conditions for a generating coordinated action of state and EU institutions, which would further a socio-ecological transformation. At first, however, the current civil institutions, the Economic and Monetary Union need to be kept and a European economic government will need to be created. The actors for a social-ecological transformation would only be able to contribute meaningfully to this if they can motivate and organize the citizens of the Union for a more attractive EU – a EU as a global actor based on solidarity, rejecting the completion of the market for profit maximizing sakes, defense of world market and world economy rankings as well as "global capacity to act." For a constructive economic government, member states of the European Monetary Union would need to give up further competencies and some

member states would have to give (huge) financial resources to the common institutions. Due to the redistribution of obligations across national borders, the rights of the European Parliament needs to be strengthened and expanded (Dellheim, Wolf 2013 (2): 99-102). The focus on sustainability, the democratization and expansion of the public sector, on political discussion about democratic, social and ecological standards, about local and regional development stressed throughout this short paper has to thus be linked to the struggle for an economic government.

In the struggle for this, EU-law can be used, in particular the Lisbon Treaty, which ultimately strongly contradicts the present “linchpin” of responsible politics. But it does not exclude the temporary suspension of repressive directives as well as the regulations of the stability and growth pact as well as moratoriums urgently needed to win time for the formulation of democratic counter forces, and it will include European citizen initiatives.

The European Union has a sustainability strategy, which can be used as the basis to fight against the financialization of the economic and social life, against privatization of the public. This sustainability strategy principally allows also for capital controls, a clear departure from the US model of development, in particular from the US rating agencies as the evaluation basis for the security of public bonds, the fight against tax flight and against speculation with food, raw materials, currencies and sovereign debt. The EU-sustainability strategy is not compatible with a free trade and security partnership between the EU and the US. On the other hand, the sustainability strategy can provide the basis of the introduction or rather improvement of democratic, social and ecological minimal standards, the democratic and solidarity-based expansion of the public sector, in particular of solidarity-based social systems and corresponding local and regional development. The sustainability strategy, which certainly allows a change and elimination of “4 plus 2” should serve as a starting point for the indispensable process for a democratically conceived EU Constitution. This cannot, however, be simply formulated as demands to be placed before governments, it rather has to be the result of political struggles. This process would have to be accompanied by a real social process in which political actors are changing, so that the political power relations will be changing, and thus it will initiate the entry into a social-ecological transformation. Thereby the focus, in the EU as well as within its member states, has to be on the stopping, structurally pushing back and developing future perspectives for overcoming of the ruling capitalist oligarchies as sole actors of a globally active finance capital. In this way, the European Union could attain the capacity and power to help solve global problems. The EU could become a solidarity-based global actor who is attractive for global coalitions acting in the interest of the majority of the world’s population (Dellheim, Wolf 2013: 101-102).

The realization of the above presupposes that the political struggles about the socio-ecological transformation are sustainably and successfully conducted as struggles for a emancipatory, solidarity-based, socially just and ecologically responsible mode of life.



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