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10 April 2014

Contribution to European Left Conference on “Change Europe”

Thank you very much for inviting our Danish Red/Green Alliance to this conference and for allowing for us to comment briefly on the draft proposal for the document on Change Europe.

I shall focus on the section on Analysis, but I shall also add some few comments on the effect on objectives and means, which stem from our comments on the analysis.

As to the section document on “Change Europe”, the section on “Analysis”:

- We agree on your description of the situation in the EU and the consequences of the extreme austerity policies implemented by the Troika. The goal of these initiatives is not to serve the people, but to serve the capital.
- We agree on your focus on the neo-liberal ideology, which has now spread deeply into the Social-democratic parties, as the key to understand the one-sided political focus on support for market and financial capital. This is seriously increasing the risk of a new and even worse economic crisis to develop within the immediate future.
- And we agree on your proposal “to create a break in the EU, in order to found a new European project, one which is based on the interests of the people and respect for their sovereignty”. However, we think that the present form of the EU is useless for this purpose, we think, and so are most of the EU institutions – **contrary** to what is stated in the draft document we are discussing!

However, some key elements of the analysis are missing. At least four such elements to define the focus and means for change:

- First of all we in the Red/Green Alliance consider the economic crisis to be much more profound than just the outcome of irresponsible behavior of Western Governments and financial institutions. The sources of exploitation and the markets for products of Western capitalism are about to dry out. Cheap raw materials and cheap labour force in developing countries are being replaced by a competent and well-qualified work-force, and this creates competition throughout the Global economy. As a consequence, the markets in middle-income and least-developed countries for products produced in the West, are about to dry out. These countries can themselves produce the commodities they need, or they can trade them among each other within a framework of South-South trade.
- Second, add to this that automation of the production implies that the material goods we need, can today be produced with much less labour than previously, and that the service sector in the West has reached its limits to further development and employment. **Then the conclusion is clear:** In the future, we will need much less hours of production to supply the goods and services that we need. This in particular hits hard in the Western World, where it has spurred an intense competition among states to be successful at the expense of each other. This outcome of rationalization is

nowhere a new issue, but has been a left-wing conclusion for more than a hundred years – the question left open being only **when** this situation would materialize! In fact, it has been one of the major expectations of socialism: cutting down on the work-time, so that we will have more time for leisure and for the development of social relationships.

- As a third element, the financial institutions were key to the development of the present crisis, and they will be so, also for the next to come, unless they are seriously controlled and restrained by government interventions that set much more rigid conditions than the ones imposed by the EU. No institutions too big to fail can be accepted – no matter their liquidity - as this transmits the risk and the costs of future collapse to the people.
- And finally, the crisis is not only an economic crisis, but a much broader crisis, which includes also serious challenges for climate, environment and ecology as well as a deep, deep social and health crisis in many countries. And for the developing countries it is about to develop into a food crisis and a crisis for survival, amongst others because of the effects of the climate change. This way the crisis is about to turn into a crisis for the system – a crisis for capitalism - at least for countries in Western Europe.

As I mentioned, this seems to us to have major consequences for the objectives and means to change Europe:

Left-wing responses to these challenges must include the following four elements:

1. A **much** more equal distribution of wealth and possibilities (for instance on education and development) among the citizens in Europe. This also implies a complete restructuring of the tax system;
2. Reduction of working hours so as to allow for employment to all through redistribution of the work available;
3. A focus on the social and ecological usefulness of research, innovation and production;
4. And in the short term: strict measures to control the financial sector, so as to avoid that they trigger a new and even deeper crisis, with costs to be **once** more paid by the populations.

Finally, please allow me to recall that increased public debt leads to increased public dependence on the institutions controlling this debt; and that this, as seen in full flare throughout southern Europe, undermines democracy. This is one more reason to try by all means to avoid further indebtedness and to avoid to lean on new public expenditures as a solution to the European Crises. Unfortunately, this crisis is far too deep to be **solved** by short-term Keynesian smoothing of the market fluctuations.