

## **Taking Stock of the Crisis of the EU – The Urgent Need for Alternatives**

Under this general title, the European network Transform!, together with the Party of the European Left (EL), organised a workshop of reflection and concrete proposals on December 8 and 9, 2011 in Brussels at the headquarters of the Confédération des syndicats chrétiens de Belgique (CSC), rue Pletinckx 19 – 1000 Brussels (with simultaneous French English translation).

### **The first day was devoted to a discussion of the following topics:**

- Taking stock of the crisis of the EU after the October Summit, the consequences of the challenge to democracy and of increasing oligarchisation and possible scenarios.
- What left policies can confront the power of banks and their crisis in the EU? What new credit system can finance the real economy in accordance with the public interest? What alternative measures could be taken immediately?
- Can we draw the contours of a European New Deal for the 21<sup>st</sup> century? What convergences do we need and what common basis for solidaristic political struggles in a Europe on the brink of explosion, marked by keep and asymmetrical contradictions? What left responses can face the immediate challenges?

### **The second day permitted a preliminary synthesis with provisional conclusions within the framework of the Crisis Project which Transform! is developing for 2012 / 2013.**

Some 50 persons – academics and researchers, social and political protagonists – from 10 countries participated in the workshop “Taking Stock of the Crisis of the EU – The Urgent Need for Alternatives” organised by Transform ! in cooperation with the EL on December 8 and 9 in Brussels.

This document, assembled by Elisabeth Gauthier, Véronique Sandoval and Louis Weber, contains first of all a brief general synthesis of the various discussion sessions. The appendix contains a brief report by Sigfrido Ramírez of a debate organised after the workshop by the Brussels Working Group of the network Transform !

All the texts are available at Espaces Marx’s website (<http://www.espaces-marx.net/>) as well as – partially – on the multi-lingual site of the European network Transform ! (<http://transform-network.net/>)

### **An alternative takes shape**

After the opening remarks by Maïté Mola for the EL and Elisabeth Gauthier for Transform !, Trevor Evans (EuroMemorandum, Germany), Johannes Jäger (University of Applied Science, Vienna), Xavier Dupret (GRESEA, Belgium), Peter Wahl (WEED, Germany), Nikos Chountis (GUE/NGL, Greece), Henri Sterdyniak (Economists atterrés (Appalled Economists), France), and Jacques Rigaudiat (Fondation Copernic, France) presented contributions around the three main issues:

- Taking stock of the crisis of the EU and the consequences of the challenge to democracy of the increasing “oligarchisation”;
- How can we invent a new credit system to finance the real economy and act in the public interest?;
- Can we draw the contours of a European New Deal for the 21<sup>st</sup> century? What convergences do we need and what common basis for solidaristic political struggles in a Europe on the brink of explosion, marked by keep and asymmetrical contradictions?

The contents of a logic breaking with that currently carried out by an oligarchy resorting to authoritarian methods is emerging in increasingly clear outline: de-privatise money creation; mount a pincer attack on the financial markets by very restrictive regulations, on the one hand, and the relaunching of the real economy and of wages, on the other; de-privatise and restructure the banking sector; reduce the power of the big shareholders on the economy; reform the tax system according to criteria of social justice and according to the needs of society; develop the democratic alternative... The analysis of the nature of contemporary public debt and the best means of combating it continues to be a focus of debate, as is also what the most appropriate form would be for a banking sector at the service of the real economy and of society. If the context of the crisis, the aggressiveness of the markets and the contradictions within Europe demand an intensified cooperation at the level of European institutions, it is starting with the interests of the peoples that the latter must be conceived as regards its contents and methods. Political determination is needed, in contrast to austerity and “authoritarian governance”.

Neither the situation of the EU nor the decisions of the Summit taken at the same time as our workshop leave room for optimism as far as the capacity of leaders to come up with positive exit strategies is concerned. A chaotic scenario is not at all out of the question. As for transformative strategies are concerned, it has become obvious that there is need of a

better analysis of the developments underway in the exercise of economic and political power in Europe, the nature of the confrontation and the relations of force between a new “oligarchy” and the great majority of the population whose living conditions are increasingly devastated. This research is necessary to better understand how to overcome the divisions which undermine societies and generate impotence as well as to see on what bases new alliances could be constituted at the national and European levels. It is striking that the multitude of resistances, struggles and protests, political initiatives and attempts at developing alternative platforms have for the moment not led to a convergent social and political dynamic powerful enough to modify the relations of force and change the course of events. Perfecting analyses and proposals, favouring processes which could articulate resistance and alternatives – there are so many challenges for the participants of this workshop that a new working session is inevitable. From this perspective Transform ! will take the initiative of setting up a network of academics and researchers whose contributions could nurture this process.

In the evening a public event was organised on the debt in Europe, with representatives of the Belgian union confederations CSC and FGTB, the Committee for the Abolition of Third World Debt and transform ! Europe.

XX

### **Taking Stock of the Crisis of the European Union After the October Summit: The Consequences of Increasing Oligarchisation and of Blaming Democracy – Possible Scenarios**

#### **Introduction by Elisabeth Gauthier**

This workshop, which was held in Brussels on December 8 and 9, 2011 and organised by Transform ! in cooperation with the Party of the EL, took place at a key moment of the crisis and for the future of Europe. Our thanks go to the representatives of the different networks and institutions who accepted our invitation. It is a matter of evaluating the situation through the intersection of the different views of researchers and of social and political protagonists, of identifying the work process including unusual initiatives which we need to organise.

We are confronted by the impotence of governments (the EU and the Eurozone) to resolve the crisis caused by their policies and treaties. The combination of mechanisms put into place are too late, insufficient or even counterproductive. The new treaty constitutes blackmail: austerity or nothing ! Despite the patent failure of the neoliberal arrangement, its foundations have been maintained or even strengthened in an authoritarian form. From now on the issues of “democracy” and of the “social” will be intimately linked. The refounding of Europe – which today is an immediate, urgent question – has to be conceived of as a new type of economic, social, ecological and democratic development.

The reasons for the crisis (the logic of financialised capitalism; the power of the financial markets, the banks and shareholders; privatisation of money creation and of banks; a European architecture based on neoliberal precepts; the crushing of wage labour; the impoverishment of societies and the drying up of public revenue ...) need to be identified clearly in order to conceive of a true alternative logic. It is interesting to see the emergence of a convergent foundation of alternative proposals capable of bringing together different protagonists from different countries. Because under current conditions alternative thinking and the critical left have so little credibility and weight in the confrontations underway, this itself is also an essential subject of the debates that need to be conducted – as is also the concrete possibilities to go forward, to gain relevance in connection with an alternative logic permitting an exit from the crisis. This requires that we not deny the inherent contradiction in European integration but rather reflect on ways to deal with it.

#### **Maité Mola (Vice-President, EL)**

The results of the elections in Spain are disastrous: the right has an absolute majority in the two houses. It has won 1.5 million votes, and the socialists have lost 4.5 million. At the same time, the Izquierda Unida (United Left) won 800,000 (almost 7 %), and this creates the possibility of good work with the unions and the movements. There remains the problem of the electoral law, which favours the nationalist regional parties. Izquierda Unida only got 11 deputies in contrast to the 25 to which they would have had a right proportionally. One of the lessons is that Izquierda Unida cannot only be in the institutions. It must above all be on the ground with the Indignados, the social movement and the unions. The work of the parliamentary group will be the job of providing testimony. The relationship with the Workers Commissions and the unions will in general be good.

There would have to be successful actions on the European level and not only in each country. The EL hopes also to work with the movements. It is preparing a popular legislative initiative to demand a European fund for solidarity and development and not for the banks. It has denounced the attacks on democracy in Greece (with extreme-right xenophobia in government) and in Italy: these governments were formed without any popular intervention. The EL’s aim is to be useful for citizens.

#### **Trevor Evans (Berlin School of Economics and Law) introduces the work of the EuroMemorandum**

1) It is not the various public debts which were the cause of the crisis. 2) The imbalances linked to the single currency are old. There are German surpluses and in the countries of the “south” there are deficits. 3) The crisis of the Euro is due to speculation by banks which nevertheless have been “saved” with public money. The first loan to Greece was given only in May 2011. 4) The crisis picked up again this year. There was the demand on the part of Germany to make private banks pay, which provoked massive sales of the stocks of these banks. Then it clearly appeared that the austerity plans curbed the capacity of countries to pay back the debt. A discount for Greece was at first refused on account of the opposition of France and Germany (whose banks are very exposed to Greek debt). There was a new wave of speculation on Spanish, Italian and even French bonds.

In total, there are drastic budgetary reductions in a number of countries. Stagnation is in sight for 2012. Growth has also slowed down in many emerging countries. There is pressure on European banks. American banks have for example ceased loans to European banks.

The October Summit made three decisions: to reinforce the stability mechanism, increase aid to Greece and to impose a 50 % discount on the Greek debt. The sole aim of European institutions has been budgetary discipline (with the adoption of the six pack). But none of the basic problems have been dealt with due to the budgetary obsession and the fear of inflation.

### **Johannes Jäger, University of Applied Sciences, Vienna**

One ought not only to look at what is happening in the economy. There are also centre-periphery relations. Beyond the financialisation of the economic system there is also a problem of political integration and of the domination of German capital.

Angela Merkel seems to “dominate” in the debate. However, in reality it is German capital which is behind her. More than accumulation, it is the centralisation of capital that is the goal. It is big capital that decides. The crisis and the inadequate accumulation that accompanies it matter little for capital, which is not trying to resolve the crisis through growth. Capitalism welcomes the present deterioration of the situation. The important thing for financial capital is to keep and to concentrate power. The working class is losing (dismantling of the welfare state. It follows that there are three possible scenarios:

“pursue” this policy in order to impose other austerity measures, reinforce capital’s power at the expense of the state and of wage workers. For how long will this be possible? To deal with this question, proposals such as those of the “EuroMemorandum” exist. 2) The ruling classes proceed to adopt regulations of an authoritarian neo-Keynesian sort? This is not possible unless the ruling classes react in time. It would then involve an authoritarian redistribution of wealth in order to remain in power and stabilise the economy, without leaving any room for the left. 3) Let chaos take hold in Europe due to the incapacity of big capital to reassess itself. However, this could favour extreme-right solutions, reinforcing the extreme right, while (perhaps) opening up larger perspectives for the left.

The situation is open. We do not know if the dominant classes will be able to manage the problems. We need to construct a left strategy, an ambition.

### **Arguments developed during the discussion**

The banks are raising the interest rates for customers who are thus paying for the crisis. The banks do not want private debt to be paid back, only the interest, which will assure them a lasting rent.

In a way, Japan is “outside”: its debt, as moreover that of Belgium, is held by the population. Why should we not proceed here in like manner proposing European bonds reserved for the population?

Why don’t the Greens cut the Gordian knot? They are indignant but are afraid of the future and are inadequately organised. Indignation is not enough; one needs to define a political and economic alternative.

Can one really distinguish between the real economy and the financial sphere? Who controls money?

For the capitalists there is the market. However, the solution is not financial but political (e.g. the case of Ecuador). The ECB asks for a “new budgetary contract”. But who decides monetary, budgetary and fiscal policy?

Is an authoritarian Keynesian policy able to resolve the contradictions? Can the “authoritarian stabilisation” scenario spark a new social bloc? And do our alternative proposals remain valid whatever the scenario?

Why are there austerity policies when it is known that they translate into recessions and that for this very reason the declared goal (to reduce the deficits) cannot be achieved? A possible hypothesis is that the governments are peopled by incompetents. But there is a second, more plausible one: they want to do away with the welfare state. Haven’t the ruling classes chosen this path?

The transformative left has not benefitted from the crisis. All of a sudden it can hardly have effect on the relation of forces. Those who denounced neoliberal politics haven't reaped the benefits. Perhaps we need to be clearer on what we want at the European level: social harmony, fiscal harmony, Euro-bonds, monetisation of the debt, the role of the ECB, etc.

There already is a broad consensus on the proposals; a sort of common platform has emerged thanks to all previous meetings and above all thanks to social and political struggles. What is problematic is the question of the social forces able to carry these proposals, the difference between the diverse realities and ignorance of the situations obtaining in other countries. This knowledge deficit could be a brake on the building of convergences in Europe.

The Finnish Left Alliance party has been in government. Its experience is that one country alone cannot adequately deal with its problems; it can only delay or attenuate them. New perspectives seemed to open up with entrance into the EU. But pessimism has gained the upper hand since then.

In France the electoral campaign has been launched. The left has to say that Europe cannot remain as it is. But what should it propose? Not an exit from the Euro but a form of disobedience as regards European rules. In the absence of that we would remain within the contradiction without being able to name it. The lack of room for manoeuvre moreover explains the fact that social-democracy is no longer proposing alternative responses and has accommodated itself to the "constraints".

There is a contradiction between the propositions of the EuroMemo and the fact that we don't really know what social forces can carry them. What political strategy should be adopted?

The risk that the situation cannot be controlled, including by the dominant classes, is real. This is all the more true that there exist contradictions within the capitalist class and the management of the crisis at the European level is anything but democratic. Thus Austria's dominant class cannot accept the seizing of power by some (Merkel, Sarkozy, ECB, Barroso).

People are worried about the rise of the populist and extreme right. Can one exclude war?

The crisis has to do with over-accumulation. The left is not succeeding in creating a social bloc in favour of change. The crisis is one of civilisation and not only the sum of various crises. This supposes an alternative logic and not only a series of alternative proposals. There is urgency whereas creating a hegemonic social group is a (very) long-term perspective!

**Brief conclusion:** It is necessary to analyse well the existing situation and combine the national and European levels. The historical situation is specific: It is necessary to have a clear vision of the contradictions which open possibilities for an ideological battle. The solution is political and European, despite the inadequacies and limits of the European architecture.

**What politics of the left is needed to confront the power of the banks and their crisis within the EU? What new credit system is needed to finance the real economy in accordance with the public interest? What measures should be taken in the immediate future?**

**Xavier Dupret (GRESEA, Belgium)**

The European banking model is in danger and is in a self-destructive cycle. Marginal regulations do not fix anything; they just sweep the problems under the rug for a limited period. Alternatives regarding banks have to be conceived around two axes:

1. The separation of bank functions. It should be remembered that Roosevelt did this, along with promoting industrial capitalism and consumption (including financing).
2. Abolish European megabanks. (see François Chesnais).

Certain left responses aim at a return to Roosevelt (for example, those of the Greens). The radical left proposes returning to the mega-fusions of the 1980s and 90s and to banks of more reduced size. A devaluation of assets is necessary, and monetisation of the debt is indispensable. A Popular Front strategy pulling together different sectors of the left would have to have as a goal the return to the public of money creation.

**Peter Wahl (WEED, Germany)**

It is not the elites' policy to generate crisis; they are sorcerers' apprentices. Different regulatory mechanisms have been tried, but with insufficient scope and effect, such as Basel III, or in the fields of commerce and food the resumption of

TTF (tax on financial transactions). Their goal is financial stabilisation, which however ignores numerous essential questions like redistribution, money and macro-economic balances. As to sovereign debt, the use of credit is necessary and works as a device when it is properly oriented and independent of financial markets. Certain expenses can be suppressed, such as military budgets, but austerity cannot be the response. Wages have to be increased and the tax system reformed.

#### **Immediate measures:**

1. The ECB as a lender of last resort playing the role of a true central bank;
2. Neutralise the rating of sovereign debt by rating agencies and then reform the latter;
3. Prohibit CDS's (credit default swaps)
4. In Germany, a policy of wage stimulation and social protection – and for countries such as Greece, Portugal, etc. a Marshall Plan.
5. A tax system that promotes redistribution.

#### **Nikos Chountis (GUE/NGL, Greece)**

The situation in Europe is explosive. The Summit underway will not fix any of the problems; rather it will aggravate the situation. The democratic question now becomes an issue for everyone.

The current experience confirms what the left thought: a common currency requires another type of ECB. The response by way of Eurobonds could only be a path to follow if linked to the ECB; otherwise it means a return to the financial markets.

#### **Discussion**

Can one really say that Basel III is going in the right direction? It is more of a band aid than a remedy.

The elites do not know how to escape from the chaos and are modifying their vision of the crisis. Merkel is a sort of mediator of heterogeneous interests. Schäuble is for a certain kind of regulation.

The banking conglomerates: *too big to fail?* Or better *too big to exist?* The US's first ten banks hold 50 % of their assets in the US.

Banks are the principal protagonists on the financial markets. What path should be taken to achieve stabilisation? Only a break in logic could act in this way, but no government is taking this direction.

In Europe what is involved is a "political leap". Such a leap would mean following another logic everywhere at the same time.

As to the Eurobonds, what sense does mutualising the debt make when all sovereign debts are being attacked? On the contrary, we need solutions outside the financial markets, and consequently we need to come back to a central bank of last resort.

The ECB would be overstretched by such a demand when the public debt totals about 80 % of GDP, and with countries having different economic, social and political conditions. An organisation needs to be found which respects these differences. When de-privatising the banks, it would be necessary to avoid socialising the losses – possibly through a *bad bank*, as the left has conceived it, which would send the risk back to the owners.

Could chaos be an opportunity for transformation? Or would it have too high a human cost? Should one wish for a stabilisation of the situation and bank on ambitious reforms?

The left has the responsibility of helping people acquire a power of interpretation in order better to resist and conceive of alternatives.

Can we draw the contours of a European New Deal for the 21<sup>st</sup> century?

What convergences do we need and what common basis for solidaristic political struggles in a Europe on the brink of explosion, marked by deep and asymmetrical contradictions? What left responses can meet the immediate challenges?

#### **Henri Sterdyniak (Economists Appalled, France)**

He notes that the crisis calls into question all elements underlying economic development of the last 30 years. It causes anxiety because its outcome is unpredictable. The risk of sinking into resignation is just as real as that of the yearning for a protective government. Neoliberal thinking tries to use the crisis against the welfare state by pitting populations against populations to solidify its ideological hold. At the same time there are contradictory strategies within the bourgeoisie, a part of which does not see a liberal outcome of the crisis and is playing with the idea of nationalist regression.

How do we propose a strategy for a break? Social-democracy has discredited itself by applying the solutions of the Troika, or by appearing as the defender of a legitimate rigour. In France, for example, the Socialist Party agrees with the golden rule but doesn't want to enshrine it in the Constitution, which really makes little difference in the end. There therefore needs to be an alliance between (divided) left forces, unions and movements (which currently lack political outlets).

The influence of the left wing of the left remains weak. Nevertheless, there are numerous issues on which this part of the left could get together and mobilise, through common localised battles against austerity, finance, the tax system ... first, before establishing deeper alliances.

It is necessary to appreciate how populations who fear for their savings, for their jobs (see the discussion that is taking place on work, growth, the debt ...), are reticent to support alternative proposals. It is not possible to say: "Growth is over, you have to be ecologically responsible!" because ecological austerity is confused with liberal austerity.

Another problem: the difference between national situations. In the North, people think they have gotten out of the crisis thanks to sacrifices. In the South, people think that this is cause of the crisis. Indict Germany? Can one hope to bring it over to Keynesian positions? In Greece and elsewhere the situation is different: For the Greeks the question is: leave the Eurozone or reform? In any case, we have to take account of the fact that the country remained archaic from the point of view of redistribution. At the same time there is a discussion on the necessity for each country to keep its system of social protection. But what of the excessively low tax rate in certain countries? What also of the employment rate of women?

#### **Under these conditions what are the points around which there can be an alliance?**

The struggle against austerity (detrimental on the social and economic levels, it strikes certain sectors first: pensions, civil servants).

To rein in the financial system pursuing our advantage on the need for public banks or cooperatives for an industrial and ecological growth. The crisis has shown that financial globalisation does not work. It is not possible to speculate ad infinitum.

Citizens' audit of public debts. Debt becomes this extreme not because of excessive expenditures but because of the reduction of taxes with the collapse of growth and with the crisis. One would have to be able to popularise the need to raise taxes, strike at tax oases and tax big fortunes which have benefitted from the crisis (for example by a special tax at the European level).

Democracy. There is a risk of a Franco-German accord depriving countries of their budgetary sovereignty and transferring it to the Commission. It is necessary to demand a referendum and discuss a dose of federalism (for example, "exchange" Eurobonds against budgetary decisions on the European level).

The recuperation of the 8 points of growth lost due to the crisis. It is necessary to act for a relaunch based on economies of energy and on innovative industries.

It is necessary to relocate employment, that is, to accept a dose of de-globalisation (the world in which the Chinese would work for us cheaply does not exist!). The emerging countries would have to concentrate more on meeting their domestic demand.

All of this could constitute a coherent project to be opposed to the chaos of liberalism.

#### **Jacques Rigaudiat (Fondation Copernic, Parti de gauche, France)**

He finds the subject ("Can we draw the contours of a European New Deal for the 21<sup>st</sup> century?") difficult due to the depth of the crisis. It is necessary to give political signs of possible success on this level (New Deal) because the risk of a breakdown (of Europe and of the Eurozone) is highly probable. The EU's debt is certainly less than that of the US (more than 100% of GDP) and Japan (200%). But Europe does too little and too late. For example, the Greeks have been told "tighten your belts". Next a discount of 21 % was proposed, which had no effect, then a discount of 50 %, and

the crisis is still there. The problem of the French debt, which is the opposite of the Japanese situation, is that 80 % of it is held by foreigners while that percentage was only 20 % 15 years ago.

The prognosis is therefore very dim, because the whole thing cannot go on this way. In the real economy, the principal problem is the distribution of wealth. The EU is in fact divided into two economic zones. There is great heterogeneity between North and South, not to speak of the new members from Central and Eastern Europe. But their fates are tied together, since the EU is economically integrated. No country can therefore exit on its own. For example: Where are the markets for the German export giant if not in great part in the EU?

A common response is therefore necessary: it is what justifies the idea of a European New Deal. There are similarities with 1929. Since 1933, in order to confront the emergency, there were the 3 R's: "Relief, Recovery and Reform". In like manner, there is urgent need of fiscal rearmament, beginning with a fair tax reform, a relaunch of activity and an employment policy (with a new reduction of working time). However, the New Deal was also a banking reform, with the 1933 Glass-Steagall Act, which in particular established the incompatibility between the functions of deposit bank and investment bank. The idea then was "small enough to fail" (don't let banks get fat so as to make bankruptcies possible). The US has let the budget slip away during this emergency period.

What public entity could play this role and make this kind of decision in Europe? None of them, because European instances cannot borrow and have a very weak budget. The EU is not a dwarf but is a political eunuch. However, the European Investment Bank could perhaps play this role.

What is to be done? The left would have to propose the same things everywhere (as for example the idea of disobedience). Six points are important from this point of view:

1. Fix the debt crisis.
2. Regulate banks and finance. Make the current deregulated space open to all a thing of the past.
3. Establish a new division of wealth (national and European tax system, possibly a border tax).
4. Privilege socially useful activities to create employment.
5. Engage in an ecological transition.
6. Construct a democratic and citizen's Europe.

It is necessary to work in the direction of becoming a collective actor, to debate, exchange and learn.

#### **The debate bore on the following points:**

Don't focus on the EU as an economic tool but make it also into a democratic tool.

On de-globalisation: don't forget that there are zones where, on the contrary, it is necessary to globalise (ecology, etc.). We do not accept that the market is global as long as there is no democratic power confronting it.

The analysis has to be precise, but in order to be credible we also have to mobilise and cause people to take up our proposals. To do this it is necessary to begin with what the populations are concretely worrying about: unemployment, etc.

There are very important consequences for women (the feminists should not be the only ones to say it) via forced under-employment. More generally, this is true for all vulnerable groups (women, immigrants, youth, etc.).

The crisis is in fact one of the European architecture, Europe having voluntarily thrown itself into the arms of the markets. Unilateral measures will not be effective unless they are extended cooperatively to other countries.

Among the possible common goals, one could propose social criteria of convergence (fair taxation, minimum wage, etc.). Clearly, economic coordination supposes budgetary coordination. But this has to be carried out in a cooperative and not a competitive way.

A European referendum is only possible if there is a form of popular sovereignty at the European level. And this would not fix everything: A European referendum would make Germany the equal of 15 clearly smaller countries. It is thus necessary to find a link between European sovereignty and national sovereignty.

How do we reinforce the alliance between social movement, unions and parties at the European level, while retaining radical positions? A New Deal, that is, a compromise between organised trade-union forces and strong states at the

national level is impossible on a European scale. What budgetary policy could be an alternative to austerity? It is better that we come together around the “commons” and “ecological conversion”.

What European strategy for social mobilisation do we need? How do we articulate the national and European levels in order to create a relation of forces which clearly is more indispensable than the alternative project which we already have in common? Inversely, don't the mobilisations already exist, the problem being how to translate them politically, including at the European level? How do we reconstruct a transformative left on class alliances?

What sovereignty should be delegated to the European level – for what objectives and under whose control? Should we be divided over terms (federalism, confederation of sovereign states?) or remain pragmatic? However, how do we carry out single struggles in common all the while conveying the idea of a break?

### **The state of the crisis and of the European Union – Closing Session**

**Elisabeth Gauthier** proposes a synthesis of the discussions that took place in the workshop.

Several possible scenarios for the near future were put forward. Among them was that of “chaos”: abandoning the Euro and consequently the failure and perhaps even dissolution of the European Union. A broad agreement for rejecting this scenario emerged from the discussion.

This rejection does not remove the absolute necessity of combating financialisation and putting the real economy back at the centre of policies, quite the contrary. Taxation can be an effective weapon, including through a European tax on financial movements but also of capital revenues and of assets (which would get us out of the current dumping). Other ideas forcefully put forward: de-privatise money creation and banks (under what forms? – this is to be worked out); isolate and don't feed the financial markets, including revalorising labour, wages, useful production, thus pushing back the power of shareholders on the real economy. Developing the “commons”.

In our proposals, it is necessary to work out the articulation with “real life” and the concrete issues of daily life which are at stake there: health, education, etc. These are crucial questions for creating a public discussion in favour of social transformation.

As regards European governance, the dominant feeling was that we are in a post-parliamentary era. The manner in which the governments have been changed in Italy and Greece clearly demonstrates this. However, for the majority of participants (though the dissenting view was also defended) severe criticism of the current governance does not mean rejecting the pursuit of European integration.

What does a logic of break really mean today? In terms of contents and of the concrete process of transformation: are we able to conceive of a new relation between political power and economic power? How do we help citizens to acquire the power of interpretation over what is happening? In this type of crisis, how do we pose the question of alliances? Moreover – which amounts to another way of posing this question –, how do we name those whom we want to gather together: class, people? – which (re-)poses the question of the agents of social transformation.

How do we develop initiatives and networks without redundant efforts but using all potentials and creating synergy?

A broad agreement emerged for the organisation of an alternative European summit, which is something other than a counter-summit in the sense in which the term has been used in recent years. This summit is to be built with others (unions, social movements and the political left). It should allow the regrouping of critical expertise and a social and political dynamic.

Other initiatives are being prepared – for example, on the issue of water (in Italy and in Marseille in France) and more generally on common goods.

As to debt and currency, working groups have been proposed to create a true counter-expertise. It will also be necessary to find ways of working on the question of energy (or the more general question of modes of production).

### **In the discussion, the main questions addressed were:**

We are convinced that the concepts we use are good but we (still) are not managing to get them disseminated. Don't we need to invert the logic: If there is not broad agreement with what we are proposing, doesn't that mean that it is our concepts that have to be revisited?

What link should be established between the “no” expressed by various protest movements and the transformation we propose?

What are the common interests of the different forces which we would like to mobilise: is it democracy? In the search for points of agreement it is necessary to do better in demonstrating the connection between privatisations and crisis.

A better coordinated international action needs to be built. Capital in effect acts as global capital, but there is no real integrated European left, not to mention a global one.

One of the participants recalled that, according to him, “credit is a success on an historical scale”. Certainly, but hasn’t the nature of credit changed? How do we invent a public banking system on a global scale?

In a general way there is certainly agreement on questions such as Europe, the banks, etc. However, this needs to be more detailed: the devil is in the details.

We agree about the need for a new European treaty but not on the one being prepared. The present debate is therefore an occasion publicly to pose the question of the Europe we want. For this a tool is needed, seeing as the European Social Forum does not seem to be in a condition to play this role. A process therefore needs to be relaunched. It is possible to broaden alliances. In particular there is the question of the European Trade Union Confederation, which perhaps is in the process of developing, whereas up to now it has always upheld the European treaties. Yet this is anti-democratic and establishes generalised austerity. We don’t need to spread ourselves thin. The Joint Social Conference provided for an initiative in mid-March 2012. It would therefore be inappropriate to invent a competing initiative – we should work out a synergy. We could also explore the idea of a common European declaration to reject the treaty being prepared. Finally, on this occasion why not demand a European referendum and not only national referendums. Recent agreements in effect modify the conditions of the discussion on Europe.

We have to find long-term agreements. There are currently two deficits in what we are proposing: the relation to nature, the relation to the youth. On the first point, we are heading toward a scarcity of raw materials, above all petroleum (peak oil is for tomorrow). One of the solutions is to stop consumption of products manufactured far away. For the youth, the question of precarity is very important. There is a link between the precariat and new information technologies.

Some questions remain open: Why is the dominant class doing what it is doing? Because of incompetence? Or because it is the interest of the dominant German capital? In addition, there is no direct path to socialism in Europe because there is no decision-making centre in Europe. This is the reason why the Scandinavian socialists, for example, prefer the national route to socialism. Can one say that the crisis began with a crisis of purchasing power, which generated a virtual economy via credit? A battle has thus to be waged about language: the expense that weighs on the economy is the money paid to stockholders; by contrast wages are an investment.

The Euro is the currency of Germany and the problem of the EU, as we said not long ago of the US and the dollar. Germany is certainly a source of the problems because it “exploits” Europe. It is time now that Europe speaks German, according to the leading circles in Germany whose policy does damage to all of Europe. For Die LINKE, this is a chauvinist way of analysing things, which has led to a result well known a few decades ago. One often speaks of the relationship to inflation: the Germans are incapable of understanding that a little inflation can be beneficial.

Germany is not the only country to impose this policy which a new European oligarchy is now putting into practice. There are divergences, which could stimulate discussion. Around disobedience there is a minimal basic agreement but that is not enough. There are many local actions but the political follow-up is different according to the country.

There is agreement with the alternative summit idea, but there is a problem of date with the Joint Social Conference. Probably the dates have to be changed without abandoning one of the two initiatives. They are different because the alternative summit will imply policies (and the EL), which is not the case for the Joint Social Conference. In Greece, economists have studied the structure of the Greek debt: those who own it, which banks are exposed, etc., that could constitute the basis for restructuring proposals by a European group of economists.

A probable European appeal for democracy could be combined with the idea of a referendum, which brings up the question of the type of referendum (national?, European?) and the source of divisions. Why not demand both in order to overcome these divisions?

It is well to know oneself and know what others think of us. But we would have to promote internationalism. In this framework, how do we react for example in the face of the attitude of the German unions with respect to wage stagnation, which distorts the competition. It is also necessary to deconstruct stereotypes, in particular that of the North in relation to the South.

The strength of liberalism resides also in the fact that it has succeeded in legitimising itself in terms of realism: we are the only ones who can govern (TINA). In Spain the right has wrested a big victory after and despite the 15-M Movement. The right is ideologically fragile but it has the strength of realism.

The critical intellectuals are too isolated: there are no task forces linking unions and movements or unions and the political sector, for example. The intellectuals are too much intellectuals of “conception” and not of organisation. To correct these shortcomings they certainly must continue to unveil reality, but they have to prioritise. They cannot be content to be think tanks but must reflect on the conditions needed for implementation. How does one actually diffuse ideas in these times of dominant political marketing?

A seminar on money and its role in the capitalist system would be useful.

A centralisation of power is underway in Europe. We suffer from the absence of a European public space. Can the European Social Forum be revitalised? There are networks: unions, Joint Social Conference, etc. Transform ! is not a political organisation but can be useful to establish “connections”. Common goods (water and transportation, for example) provide an example of themes around which it is possible to build alternatives.

It is urgent to build a project and find the words to popularise it. There is actually no political project of the left. Some questions have to be explored in more detail. For example, one would need to go beyond finance to speak of economic sectors properly so called and make proposals to reduce the weight of the market on the economy. Renewable economies, for example, are very largely left up to the market. However, to take up the climate challenge, work in this area would have to be accelerated and as a consequence it would be necessary to finance research and leave the competitive framework (research kept a secret, etc.). Democracy is not only the problem of institutions; the debate on this subject is meaningless unless one integrates the questions of media, school system, etc.

How do we diffuse our (good) ideas more broadly, particularly among the youth? The young do not read our declarations; they are on the social networks.

It is easy to say that we are for the nationalisation of banks. But this question is not on the agenda while the crisis is. Hence the practical questions: are we ready to save the banks? If yes, then with what money? Issue Euros, certainly, but that brings inflation. This is not good for wage earners either.

Raising taxes on enterprises and on the rich is not enough, because it doesn't produce enough money.

There is a common heritage of analyses and of the broad outlines of an alternative. But we need to be conscious of the limits: how in fact do we move to action? We are paying the price of the lack of a point of coordination in Europe.

Disobey in order to resist: why not draft an appeal against austerity policies, for another Europe and for common goods.

Regroup everyone around an alternative summit, in connection with the Joint Social Conference if possible – this is fine but actions are also needed: a demonstration in front of the ECB? Actions of the Euromarch type?

Not all of the countries are in the same situation. In Belgium, for example, of the 60 % Flemings, 40 % vote for the extreme right. There certainly was a demonstration at the beginning of December against the budget project. But there is no credible left (anymore), since the liberal parties, the big losers of the elections, have in any case spread their views to the socialists. In addition, referendums are illegal according to the Belgian constitution. The unions are the only force that is really organised.

For the group of Central and Eastern European countries, there are in fact three different levels of activity: European, national but also regional. Their point of view can be different from that of the Western countries. In certain countries, everything has been destroyed, even the idea of cooperation is absent (between countries but also between individuals). Thus one cannot speak of Europe as a monolith; rather it is necessary to see the differences within the framework of a common European strategy.

The activity of Transform ! must also rely on that of think tanks in each country, which have contacts with the unions, the parties, etc.

The Nordic left has not done enough work on the crisis, probably because the economic situation in Scandinavian is less grave. In Denmark, an entity, Transform ! Denmark, has been created to provide a larger framework than the party but always to the left of the social-democratic party. The indignados have not been able to organise themselves in Spain and in other European countries. Is a European demonstration imaginable?

### **Conclusions:**

**For Walter Baier**, coordinator of the network, Transform !, the network has some assets to contribute: there is an intellectual potential, some infrastructure and financial means. It is therefore possible that the network can contribute to the development of a public space for debate in Europe.

For the contents of this debate, the six points proposed by Jacques Rigaudiat help condense the ideas and communicate them to public opinion. Resistance in the face of austerity is built on national spaces. But it is doomed to defeat if it

stays there. This doesn't mean that the European struggle can replace the national ones. That is why it is important to diffuse throughout Europe that which is common in each country. It is the basis of the idea for the alternative summit, with the production of documents that would be widely distributed.

The institutional question can lead to very abstract and ideological debates, when in fact what is involved is a practical question. For example, the proposal of making the ECB into the lender of last resort has strategic implications, without one being compelled to enter into the discussion on federalism.

It is certainly necessary to respect different sensibilities, but the European crisis is also a crisis of relations among nations. It is at times very difficult to speak of Europe in certain countries – which means that it is necessary to combat nationalism.

The ETUC is at a moment of truth. It made a declaration before the December European summit in Brussels. The Joint Social Conference is important because it is the only place where one can find the movements together with the unions. The Joint Social Conference Initiative Committee (JSC IC) is conscious of the relevance of the structure but also of its limits and the need to enlarge its spectrum.

**Elisabeth Gauthier is in charge of the Crisis Project of Transform !, in whose framework the Brussels workshop took place.**

In her conclusions she takes up the different points which were touched on and were the bases of proposals.

(De-)privatisations, common goods: a world summit is taking place in Marseille in March. Transform ! could propose a seminar in that framework (via Transform Italia, which has worked on the question in several workshops).

Studies on the consequences of debt cancellation: people and resources for this need to be found.

Money: what does it mean to de-privatise money and money creation?

Energy and modes of development: which modalities for activism around these issues within Transform !

Who are the agents of social transformation?

Democracy, including coming back to economic democracy.

Link the project and process of transformation: Transform ! can contribute to this through its initiatives.

The group of countries of Central and Eastern Europe: there is need of a specific work space for this problem, but without detaching the group from the rest of Europe.

Hegemony: neoliberalism is strong, in part because there is no alternative. Hence the proposal to constitute a university network on the topic: how to construct an alternative hegemony in Europe, with researchers from different disciplines; it could be kicked off by a conference on "the evolution of consciousness in the context of the crisis".

How do we articulate the national and the European, while being conscious of the real contradictions? In this spirit, efforts should certainly not be dispersed nor activities duplicated; however, there should be no fear of the activities of different parallel networks – synergies should be sought, which can be done by alternating one's own actions with moments of common action. A common appeal can be interesting if it applies to current issues (the social question, democracy ...) and takes account of specificities.

For the proposed alternative summit, competition is not necessary (the example of London at the beginning of October 2011 can provide inspiration). We are in a historic moment, with many different initiatives (Economists Appalled in France, the EuroMemo, etc.). The idea is to hold it if possible in Frankfurt in Germany, an important symbolic place of confrontation today. Four components need to be mobilised: critical experts, movements, the unions and the alternative left. A working group could prepare the initiative (its form, the invitees, the call).

**Appendix: 2011 conference of the Working Group of Transform ! Brussels**

On December 9, 2011, the working group of Transform ! Brussels organised a conference on “Radical Perspectives in Studies on the European Union”.

The conference concluded the first year of work of the Working Group, complementing the conference organised on December 8 and 9 by the network Transform ! Europe in the framework of its Crisis Project. The objective was to analyse the crisis of the European Union starting with broader perspectives and with the hypothesis that the crisis of this political project preceded the financial crisis, which, however, exacerbated its structural deficiencies at the political and institutional level.

To introduce the subject, we invited several academics specialised in EU studies as well as practitioners and other intellectuals to discuss these analyses, which are often the result of many years of research. We divided the conference into three thematic panels (historical, constitutional and economic perspectives) and a more political discussion on future prospects. The historical panel saw the intervention of Prof. Magnus Ryner, of Oxford Brookes University, who made a presentation on the transformation of the political economy of European integration from its beginning up to the present crisis, with a reorientation during the period 1986-1992. This presentation was discussed by Lutz Brangsch of Transform ! and the Rosa Luxemburg Foundation. Then Prof. Adoración Guamán, a specialist on European economic and labour law from the University of Valencia, presented an outline of constitutional perspectives opened up by the Treaty of Lisbon and on the scant space left for labour and for the exercise of citizenship in the face of the logic of the single market and of the free circulation reaffirmed by the European Court in various judgements. This was discussed by Thierry Leguay, drawing on his 12-year experience as parliamentary assistant of French members of the European Parliament. On the economic perspectives, Jean-Christophe Defraigne, professor at the Université Saint-Louis in Brussels, proposed a long-term analysis of the roots of the crisis as a movement of the deregulation of financial flows and of capital movements whose origins go back to the 1960s and the rise of the City of London as a world financial centre. This analysis was then discussed by Raffaele Fagnoli who has practical experience as an economist dealing with questions of the European Union. And last but not least, dealing with future prospects for the EU, Alfonso Gianni of the Study Centre Cercare Ancora offered an analysis of the European crisis from an Italian point of view, from a country which has become an object of great concern considering that the Italian left has always been an important partner and a leader in the relations between Europe and the alternative left. His presentation was briefly discussed by Walter Baier, coordinator of the network Transform !.

A report on the meeting will be prepared by members of the Working Group in the time needed to take stock of the interpretations and the provisional conclusions. Certain of the contributions will be published in various forms. For more information, the Working Group can be contacted at [wgbussels@transforment-network.net](mailto:wgbussels@transforment-network.net).