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What political response for Europe?

The peoples or the markets? That is the choice we must make. Emerging from the crisis requires a radical change of policy. Today, every major demand comes up against the logic of the capitalist system in an acute state of crisis..

On a European scale as well as in each of our countries, it is a case of **fighting for real political breaks** as well as emergency measures also inspired by an alternative logic.

The governments, who have a high responsibility for the arrival of the crisis, must be brought to breaking with this logic of debts for the states, tightened belts for the peoples, a casino for finance. Instead of consulting experts with interests of their own in the markets, they must make democracy work by **taking measures and undertaking reforms in favour of social and economic democracy.**

- Finance must be democratised, re-directed, resized in a responsible manner. The entire credit sector must selectively favour useful projects and penalise speculative operations. Speculation that is detrimental to the common good must be prosecuted according to the criminal law. The entire banking and finance sector must be structured anew, with deposit banks and merchant banks being separated, public banking centres being set up and even certain bodies being integrated into the public sector. No more public means must be provided for bailing out the banks without a simultaneous expansion of public decision-making and controlling-rights!
- The EU must decide to apply specific ways of controlling the movement of capital and to tax financial transactions. The tax havens must be closed. Bank secrecy must be reviewed. A tax on financial transactions can help finance internationally administered funds, the means of which serve the enforcement of a new model of social and ecological development.
- The banks must— by a convergent effort of the governments and the EU — immediately be brought to change their orientation, to stop using savings for speculative activity on the Stock Exchanges and to re-orient credit towards the financing of useful activities and the creation of jobs and infrastructures.
- All policies must be aimed at stopping the crisis of over-accumulation, at intervening massively in favour of the fairest distribution of surplus value in favour of work and public interest and of freeing them from the power of the market.

At the international level, the EU must counter the aggressiveness of the United States and act in favour of the stabilisation of the real economy; the use of SDRs as a reserve currency; replacing the G-20 by a Global Economic Council under UN auspices; the development of instruments to favour equity in trade; removing common and public property from speculation; in favour of multi-lateral and bi-lateral agreements as opposed to setting up competition between peoples, wage earners and regions; ambitious and shared policies for resolving the ecological crisis. The EU must contribute towards preventing raw materials from being turned into “financial products”. In international bodies the EU’s voice carries some weight: it must be heard in favour of a world of solidarity, which presupposes a radical change of direction.

We must break with the dogmas of European neo-liberalism that Juncker, Trichet and Gonzales continue to defend tooth and nail.

- The Stability Pact, designed to ration social expenditure must be abandoned; the European peoples need a pact of cooperation, in favour of social and ecological development and of solidarity
- The European budget must be significantly increased and must enable positive actions by the EU. Fiscal, social and ecological dumping must be banned. The introduction of a European capital tax could contribute to increasing the EU-budget and so facilitate an intervention by the EU in favour of an inter-European cooperation so as to counter-act the inter-European asymmetry.
- The European social model must be renovated and re-invented. A radical break with precariousness, working poor and the strategy “Europe 2020” is urgent.
- The privatisation of whole areas of retirement benefits — urged by the Lisbon strategy and particularly developed in the Eastern countries — has lead to serious dangers because of losses in the context of the financial crisis..Stopping the privatisation of pensions, one of the motors of the financialisation of the economy, is therefore a major issue.

“Tightening the Belt” is Not the Answer. The Public Debt Must be Reduced in Another Way. Every Measure that suffocates the Real Economy is Irresponsible.

- By rejecting any rapid budgetary restriction, which would lead to the danger of a massive plunge into recession. .
- From a short-term-perspective it is necessary to relieve the immediate pressure of the finance markets and the creditors on the public budgets by means of a European moratorium. There should be moratoria to stop the growth of public debt, to reduce the growth of public indebtedness and the pressure on the states, to gain the time needed to set up instruments that favour transparency (enquiry commissions etc), to set up new democratic policies and methods. A selective treatment of debts must also be envisaged. Instead of the markets, the ECB must grant loans to the states on favourable terms.
- New means (new deals) must be mobilised, bypassing the markets, so as to meet the needs of public expenditure, to face the crisis and emerge from it. Budget policy must be restructured along principles of solidarity. Real economy must be strengthened vis-à-vis the finance markets and institutions.
- Interest for public expenditure must be radically reduced. The ECB must be endowed with the power to buy public bonds to the extent that they could be useful for a new kind of development of jobs and of industrial and research policies, for restarting public services and social protection. The assignment and management of the ECB as well as its orientation of credit must be altered to support objectives of development, by abandoning the straightjacket of monetarist policies and modulating the conditions of access in accordance with the contents of the projects, making it impossible for credit to contribute to speculation and overdraft loans.
- New public revenues are necessary and also possible to be raised from taxation of incomes gained from finance and big property, from socially just tax reforms which stimulate the real economy, from a stop to tax reductions and a closure of tax havens.
- The domestic economies have to be stimulated, in particular by means of structural policy and higher mass incomes. The re-valuation of labour, the reduction of precarisation and unemployment (reduction of working hours at the expense of big capitalists), the improvement of primary distribution all amount to creating new incomes for social funds and public budgets and reduce necessary social insurance contributions.

Economic Redistribution and Democracy as Principles for Anti-Liberal Reforms.

- A fairer distribution of surplus value is indispensable to fight the development of the crisis. Income from work (including insecure jobs ...) must be valued more highly than that from capital. A greater part of business profits must be invested in favour of human and ecological development. Solidarity economy should be promoted and also the rights and powers of wage earners.
- The directive “on the rights of shareholders” and its adaptation in the various countries must be suspended and measures taken to counter the volatility of investment and to make more permanent the relation between firms and investments, to separate management from shareholder logics, to strengthen the “social interest of firms” and the requirements of the real economy as against the interests of shareholders, investors and the market.
- The use of public money must be democratically controlled. The mobilisation of public funds, particularly in favour of big groups must be based on democratic principles (their use must generate new power for public authorities and wage earners), on social (the criteria of creating or defending decently remunerated jobs of quality...) and ecological objectives (in favour of a new kind of development). The means of local authorities to react must be strengthened rather than restricted.
- Any commitment of public money must help develop economic democracy and open the way to a change in power, in property and orientation, accompanied by new power for wage earners and citizens.
- With regards to banking systems, the setting up of public financial centres, subject to control by the state and society, is more than ever indispensable to ensure that credit works in favour of public interest.
- The development of economic democracy can be effective as a lever for intervention by state institutions and civil society to shift the power relations, to support the implementation of new criteria in the economy and to re-establish the primacy of politics. The EU-Treaty as well as the Stability Pact and the function of the ECB must be subjected to a radical re-orientation.

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