Drawing by Helmut Kurz-Goldenstein

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Focus:

Europe – No Future?
Content

Editorial
Lutz Holzinger 4

Essay
The European Union and the Dilemmas of the Radical Left
Gerassimos Moschonas 8

Europe: No Future?
Europe in the Centre of the New Phase of the Big Crisis
Joachim Bischoff and Bernhard Müller 23
The Crisis of Europe: Elements of a Political Strategy
Elisabeth Gauthier 32
Austerity, Debt, Social Destruction in Europe: Stop!
Coordinate Our Strengths – Democratic Alternatives
European Conference 42

Organic Crisis of Financial-Market Capitalism:
Scenarios, Conflicts, Competing Projects
Institute for Critical Social Analysis, Germany 46
Crash as Cash Can – Crises, Bubbles, Speculators – 1929 and Today
Fritz Weber 56
The Medium-Term Fiscal Strategy in Greece:
Tracing Ruptures and Indicating Tendencies in the Memorandum Policies.
Giannis Balabanidis 68
Reforms in the Czech Republic – Towards Social Darwinism
Ilona Švihlíková 74

Europe and the World on the Move
The Peculiarities of the Greek Crisis: Democracy,
Protest and Contention in Syntagma Square.
Giorgos Tsiridis 87
May 15 and the Spanish Revolution
Armando Fernández Steinko 95
Fluid Democracy: The Italian Water Revolution
Tommaso Fattori 99
The Constitution and the Crisis of Education: A Decisive Battle
Juan Pablo Cárdenas

“The People Demand Social Justice!” – Social Protest in Israel
Michel Warschawski

After the Revolution is Before the Revolution
Gabriele Habashi

Will the Fire in the Israeli Embassy Spread to the Whole Region?
Gabriele Habashi

On the Far Right*
Right-Wing Populism in Europe
Walter Baier

Understanding the Wilders Phenomenon
Arjan Vliegenthart and Hans van Heijningen

From Meta-Politics to Mass Murder – A New Right-Wing Extremism
Mathias Wåg

Right-Wing Populism in Germany Too?
Gerd Wiegel

Country Reports
The Turning Point In Italian Politics:
The Victory Of The Centre-Left In The Milan Elections
Giorgio Riolo

Danish Elections – New Government
Inger V. Johansen

The LINKE after the Elections of 2011
Cornelia Hildebrandt

France: The Left Front – The Challenge of a True Popular Dynamism
Dominique Crozat

Persecution: The Austrian §278a as an Example
Lutz Holzinger

Workers’ Self-management in Yugoslavia – An Ambivalent Experience
Boris Kanzleiter

New Challenges Confronting the Progressive Governments of South America
Véronique Sandoval

List of Contributers
*) As a sequel of Transform! #8
Europe is going through an emotional roller coaster. The top EU politicians all have their hands full in trying to manage and improve their half-hearted bailout attempts for member-states that are beginning to careen out of control. In all of this we can’t fail to see that the states in question are in no way being given a hand – not to mention the layers of the populations hit by the austerity measures. The goal of this unprofessional crisis management was and is first and foremost to protect European banks from meltdowns and to keep the financial markets in a good mood.

It is an irony of history that the EU states only ended up in a precarious situation when after the outbreak of the crisis in 2008 and without regard for the losses, i.e. their own budget deficits, they began to bailout the banks – with the result that the latter are now getting back from financially shaky states via exorbitant interest for state loans what they lost in the crisis and had to or still must fork over, in order to be rescued by the states in question. The alleged triumph of having gotten off lightly and weathered the crisis has long since changed into a lament over the lasting problems of the Euro zone. Transform! 9 offers analyses that show the extent of the current economic and currency crisis and try to get to the bottom of their deeper implications.

Beyond Europe, but still discernible in the old continent, there are a growing number of citizens who do not give a damn for the traditional policy and the traditional parties. From New York to Cairo, from London to Greece, it is especially young people who are signifying that they are utterly disappointed
with conventional politics and aspire to direct-democracy solutions. In this
the left to the left of social-democracy is in a dilemma in so far as there are
no clear alternative concepts. At the moment the situation can be described
sarcastically with an Austrian bonmot: “I don’t know where I’m heading;
therefore I’ll get their quicker!” Or put another way: Things cannot go on the
way they have been, but how things will proceed is now completely open.
This exciting development is reflected in Transform! 9 by the section “Move-
ments and Democracy”, in which the narrow confines of bourgeois democ-
racy are addressed, which are being made even tighter via the hysteria over
terrorism and are calculated to be turned when needed against activists call-
ing for transformation.

As long as no compelling progressive solutions are found to clean up the
prevailing misery, the radical right will stay afloat in ever more European
countries. A tragic example of this is the mass killing by a professed lone per-
petrator in Norway. This catastrophe is unimaginable without the context of
the development of the right and of the springing up of increasingly more
radical right parties in our hemisphere. Transform! 9 grapples in detail with
this theme as well.

The repercussions of the crisis developments on the elections recently held
in different European countries have varied. For the left the failure of neolib-
eralism and unfettered capitalism entails no automatic success. Nevertheless,
here and there encouraging results could be achieved. Some case examples
are presented in Transform! 9 in the Country Chronicles section.

We hope you enjoy this issue.

Lutz Holzinger

P.S. As illustrations for the current issue we have chosen works by the Aus-
trian painter and draftsman Helmut Kurz-Goldenstein, a well-known antifascist. Here is more information about the artist:
Helmut Kurz-Goldenstein (1941 – 2004) lived and worked in Vienna. He was, along with Alfred Hrdlicka, one of the few figurative artists in Austria after 1945 and assimilated the traditions of an Honoré Daumier and George Grosz. At the centre of his work was the artistic confrontation with basic political themes: right-wing radicalism, third world, fascism and racism, the economic policy of the then European Community, the Nicaraguan Revolution, environmental destruction, etc.

Kurz-Goldenstein was active in numerous artistic and culture-political initiatives. Physically handicapped from birth, he worked together with other handicapped people from 1981 to 1985 in memory of the murder of “those deemed unworthy to live” by the Nazi regime on a 4 x 4 metre wood sculpture, which before it could be installed in front of Schloß Hartheim in Upper Austria, where circa 30,000 physically and mentally handicapped people were murdered, was destroyed by unidentified people.

The author André Heller wrote: “He is still interested in the conditions that create consciousness. He is a tireless seeker of underlying causes and is not afraid to go to the core of things, knowing well that one usually returns from such expeditions covered in shame”. He was a “chronicler of evil and infamy, of attempted shams, of con artists of high and low birth, of hypocrits and bigots. His lack of respect for the powerful was nurtured by the respect and solidarity of the powerless”.

Foto: Sepp Dreissinger
The Bollmanns are nice, good people (1972)
The European Union and the Dilemmas of the Radical Left: Some Preliminary Thoughts

Gerassimos Moschonas

„... the task that arises is not merely to criticize the policy of the ruling classes [...] from the standpoint of the existing society itself, but also to contrast existing society as its every move with the socialist ideal of society [...]“.
Rosa Luxemburg, Social Democracy and Parliamentarism (1904)

“The issue is one of securing a left majority and this is completely impossible if we limit ourselves to mumbling extremist slogans, ant-everything and anti-everyone, showing ourselves incapable of reaching an agreement with anyone under whatsoever the conditions.”
J-L Mélenchon (Le Monde, January 28, 2010).

The return of the vainquished

After the collapse of real socialism, the left forces to the left of social democracy offer an image of a routed army. The implicit agreement with “History” that had lasted nearly a century, even if it had not expired, seemed since 1989 (the annus crucialis of contemporary communist history) to be almost shattered. The deep wound provoked by the collapse of this extremely destructive (while also extremely innovative) system of power, spared nothing and no one – not even those parties that had not been identified with the vainquished version of communism. The shattering defeat has swept aside the optimistic assertions of a certain “anti-Stalinist” left, namely that this col-
lapse would represent “a tremendous victory for genuine socialism”\textsuperscript{2}. It ripped apart left culture as a whole, a culture already in retreat, and it accelerated and deepened the rise of liberal ideas. The defeat not only led to a falling off of electoral scores and the weakening of the partisan organisations. It also led to a more general decline: the voluntary departure of more “modern” cadres, the silence of intellectuals, weakening of links with the trade unions and youth, a change of discourse to a defensive affirmation of identity (“we are still here” for some, “narcissism of the lost cause”, to cite Slavoj Žižek’s expression, for others\textsuperscript{3}). The defeat of the most ambitious project of the 20th Century (and perhaps of all history) hit the anti-capitalist left as a whole, be it orthodox, revisionist, libertarian or Trotskyist – the “orthodoxies” and the “heresies” to use Eustach Kouvelaki’s formula\textsuperscript{4}.

“Communism no longer exists as a programme”, stated the British historian Eric Hobsbawn in 2008. However, electoral figures tell a slightly different story. Radical left parties, often of communist origin, are indeed occupying an important place in the European political landscape: in countries with a strong left tradition (Greece, Finland, Portugal, France, Cyprus), or with a weaker but steady communist tradition (Denmark and Sweden) as well as in countries without any noticeable communist presence after WWII (Germany, Holland). While the classical Communist parties are weakened nearly everywhere (particularly in Italy France and Finland, but also in Portugal and Greece), the geographic distribution of influence of the European radical left shows a more balanced picture than in the past. The left enjoys a wider geographic spread of its electoral power. Moreover, some excellent election results (in Sweden 12% in 1998 and 15.8% at the 1999 European elections; in the Netherlands 16.6% in 2006; in Germany 11.9% in 2009; in Portugal 17.7% in 2009; in Greece 12.1% in 2009), while isolated, bear witness to a significant electoral potential. This force, which only a short while ago, seemed in the throes of a historic decline is very present. It is in no danger. The “communist passion”, to paraphrase an expression of Marc Lazar, is, in a certain way still very much alive. But in what way? This return, which, judging from election results, is unstable and fragile, is not only and not mainly electoral. It is above all ideological, cultural and political. The failures of financial capitalism, the electoral and ideological decline of the moderate left, the anti-globalisation or alternative globalisation movements, and the numerous social movements at a national level, have, to a great extent, re-legitimated the ideas and critiques of this “other” left, its intellectuals and its partisan organisations. From this point of view, the “failures of the adversary” are the key to this resurgence.

However, this type of explanatory background is never enough in politics. The adaptation of the radical spirit and agenda to a new historic situation, one would say in politological-science language: a certain strategic \textit{flexibility},
is part of the equation of these organisations’ success. In fact, the radical left has been able to renew its programmatic profile and its agenda and call into question (even if only in part) its ideas and its historic pride. In a way, it has been able to face defeat. Thus, despite the dominance of a culture of protest that is unable to generate political hegemony, despite the excessive focusing on “struggles” and even despite the arrogant “extremism” or sectarianism of some of its component parts, this force has shown a great capacity for adaptation and Darwinian survival. The “left of the left” is returning because of and not despite its restructuring and its “new look” profile. It little matters if some aspects of this profile are irritating (including, among others, to the writer of these lines). It is thanks to this profile (which is not the object of this short paper) that the left has returned, after such a heavy defeat, to the political landscape. And it is this profile, and it alone, that has the militant legitimacy and the legitimacy of the popular vote.

The lost centrality: the hallmark of communism

In fact, the area to the left of social democracy is, today, recast and is very different from the communist left of the earlier period. It is a space, in the full meaning of the term, because its component parts do not form a single family of parties. The interweaving of the failure of communism, the failure of liberalism and of social democracy has generated a whole range of “post-communist” organisations and attitudes, a real “labyrinth of political and ideological trends”.

Orthodox communist parties, “reformed” communist parties, ex-communist parties, left Socialist parties, Red-Green organisations, organisations of Trotskyist or Maoist origin, left social-democrats (as well as all kinds of networks) make up the contemporary radical space. Never has this political current been so plural and splintered nor has it ever produced such complexity.

The outstanding fact regarding the structure of the left in the post-war period lies in the domination of most – often virtually all – of the scene to the left of social-democracy by the communist parties. At the time, the “extreme left” (be it Trotskyist, Maoist, or libertarian) defined itself in terms of opposition to the established communist parties. It constructed its identity in relation to – and in direct competition with - them. Now, this is no longer the case. The great breach in the historic continuity lies just there – in the fundamental decline of this communist hallmark. The communist parties no longer hold the centre of the radical space (or do so insufficiently) and, consequently, no longer can define it. As a consequence, from a party organisation point of view, the radical left today represents a new generation of parties and partisan groupings. From an ideological point of view, this left is no longer a “classical”
communist left. If words and party programmes have any meaning, the communist idea and, even more so, the communist project have not returned, despite the work of rehabilitation skilfully carried out by some brilliant public figures of the “philosophical left”. In the past, the communist parties, the big communist mass parties, were producers of historic meaning (and under some conditions “permanent builders of societies and states”). This is no longer the role of parties that make up the contemporary radical left – it is beyond their political potential and their cultural and ideological reach. The radical left has certainly been able to re-create living space for its political survival and ideological development. However, it has not recreated its “utopian space”, the socialist ideal of which Rosa Luxembourg spoke so convincingly.

End of communist ideology? We are not formulating here an “end-of-ideology” proposition (the end of communism as ideology) but a proposition on partisan survival and reconstruction: if radical left parties are regaining influence and political space, it is because of a process of mutation of the radical left constellation. Since “communist centrality” and communist grand narrative no longer play the role of factors of cohesion (the communist hallmark had conferred a power of identity crystallisation to the revolutionary left and a strategic ability rarely reached in history), the distance that separates the radical left’s past and the present, the “being and the has been” is, from a partisan and ideological point of view, enormous. From this angle, the present radical space is (if only in part) a post-communist space, even if some important parties and organisations within it preserve and proudly claim their communist identity. Today’s radical left is not the left of the great Maisons rouges (“Red Houses”) of the past. With the end of communist centrality a historic page is being turned.

If the deep crisis of the “communist hypothesis” has upset the situation, European integration has undermined former constants still further. To the great “internal” uncertainties (the ideological void generated by the crisis of the communist project) has been added an immense “external” uncertainty (the European Union and globalisation). In the following pages I propose to explore, in a simplified manner, the influence exercised on the galaxy of the radical left by European integration. The European Union is one of the most imaginative creations of institutional and political engineering - and exerts unprecedented pressure on political parties in general and radical left parties in particular.

The EU and the reviving of the „reformist-revolutionary“ cleavage

Following the great reforms of the 1985-99 period, the European Union became a heavy and imposing political machine. As such, not only does it
more than ever influence policies adopted but it also creates new polarisations in the left-wing camp (as in the right-wing camp) at the same time as reviving former cleavages. Its potential for division has increased.

Indeed, the “Europe” factor not only stirs up internal divisions within the radical left (see below) but also (and historically more important) the divisions between it and social-democracy. Certainly, the critique of the process of integration has been a traditional common characteristic of the forces of the communist family since the 1950s. However, with the renaissance of Europe as well as the metamorphosis of both social-democracy and the radical left, a new dialectic of competition has taken place within the left and the centre-left of the political spectrum.

Gradually, since the middle of the 1990s, the discourse on Europe (and on globalisation) has become an increasingly important part of the radical left agenda and fuelled identity differentiation in the face of its eternal rival, social democracy. Indeed, the radical left’s Euro-scepticism, seen in this light, has entered a new phase. It is less “hard”, less “anti-imperialist” and less anti-capitalist than the Euro-scepticism of the past. It is a “reformist” Euro-scepticism, certainly more reformist than historical communist Euro-scepticism. At the same time, this new Euro-scepticism counts more as a vector of political strategy, it is omnipresent in speeches, occupies people’s minds more and is more strongly valued. Briefly, it is structuring the political and ideological agenda of the radical left to a greater extent. Criticism of the Union, henceforth, is part of the raison d’être, the new “imaginary” of radical space. All the more so since the latter has lost its past reference points and is building its moral and political legitimacy on “the present” rather than on issues linked to the long-term history of the socialist movement.

As such, the Euro-critical attitude held by the radical spectrum contributes to creating a new and very modern dividing line between moderates and radicals, thus reviving the old cleavage between the parties of the centre-left and the revolutionary left. This dividing line is becoming deeper and more audible when one bears in mind the fact that social democracy is at the source of the second foundation of Europe (it was the pro-European reformism of social democracy and the right-wing liberal reformism that imagined, negotiated and built the “new” Europe).

Moreover, from a strictly electoral point of view, the socialist parties, as governmental parties that have undertaken the management both of the rigidities of Brussels’ governance and the inefficiencies of national governments, are considerably handicapped by the European construction. On the contrary, the radical left, despite its lack of structured European argument, is riding on the wave of dissatisfaction created by the institutional heaviness and the liberal orientation of European integration. The Union
and neoliberalism explain, if only partially, why the radical left has survived, despite the moral disaster of “real socialism”, the most catastrophic period of its history.

To sum up, the issues and areas of the competition between the new social democrats and the new radical left are not a repetition of the battles of the past but a new struggle structured on new themes. Present-day Europe counts for more and divides to a greater extent. The “European question” is one of the heaviest weapons in the electoral arsenal of the radical left. This is, however, a two-edged weapon.

The EU and the destabilisation of the radical project

Part of the left has not adequately assimilated the dynamic of the chain of consequences that has been set in motion by the building of Europe. The two central links in this chain can be called “grand coalition” and “reform”. To be adopted, a policy requires (depending on the sector and institution) either heavily qualified majorities or unanimity, which leads the member-states or the national parties either to construct grand coalitions or to abandon their policies. This “conservative” character of Europe’s way of working is not created by liberal perversity and will not easily change: it draws its raison d’être from the multi-state and multi-level nature of the regime, which requires barriers to avoid one group of countries or actors dominating another. On this basis, it would be naïve to consider that, in a foreseeable future, however voluntaristic or revolutionary it may be, the joint management of sovereignties could be done otherwise. So long as the reality of nations remains powerful, Europe, as a multi-state structure, will remain a political entity based on the logic of compromise. The European landscape is, by definition, one of alliances and reform – even, indeed, of patient, hard and difficult to achieve reform. In view of this framework, neither traditional reformism and still less radical strategies can remain unchanged when the institutional and political system has changed so fundamentally.

Historically, left radicalism (in the context of the nation-state) was a political project of anti-capitalist breach whose strategic reason was based on its capacity of controlling the state (either by insurrectional or democratic means). Thus conceived, the logic of the historic radical project, be it in its initial insurrectional version or its later democratic version (“the democratic road to socialism”) was, seen with the hindsight of post-national experience, fairly coherent: (a) the building of a strong and centralised party (that was supposed to take on the role of the coordinating and strategic centre), (b) support by strong collateral organisations (such as the trade unions), (c) support by the active “intervention” of popular masses (or, later, particularly in
the context of the Euro-communist project, supported by a majority coalition linked, if possible, to social movements).

The revolutionary actor was not a single One, despite the overvaluation of the central role of the revolutionary party by Leninism (which was not the case with its “deviations” – Luxembourgism and Trotskyism). This actor, whether “plural” or “One”, aimed at carrying out an absolutely central objective, which, as such, was a constitutive element of the revolutionary rationale: to control the country (through its control of the state) and define its policies – or at least influence them, if in opposition.

The transnational European terrain is very differently structured. There is practically no European civil society (a European demos or transnational left-wing electorate) nor any centralised power, conceived as the centre of all decision making. Furthermore, forming parties and organisations of a pan-European kind, possessed of the vitality and centrality of yesteryear (the equivalent of the national parties and trade unions of the past), represents an extraordinarily difficult task. It is sufficient to observe the persistent weakness of the Europarties. Moreover, the emergence of significant mass movements at a European level (or at least their simultaneous appearance in the main European countries), while a perspective that cannot be excluded at this time, is not the easiest thing in the world. In addition, nothing guarantees that these movements will have the same meaning from one European country to another. In consequence, Europe has created a difficult problem of collective action and coordination. This problem is strategic in a twofold sense: in the European system there is no Winter Palace to occupy or surround (a political system factor); and there is no strategy of coordination of the national lefts easy to achieve, nor a common social base ready to be mobilised around the same strategic objectives – especially not simultaneously (an agency factor).

Today, inside the EU, the “violent” conquest of power, following an insurrectional mobilisation, is senseless, because, beyond a thousand other reasons, this kind of power with a single and strong centre does not exist. In a system of multi-level governance, the decisive “last fight” is no longer possible14. Moreover, the conquest of power by parliamentary means, whether or not supported by mass mobilisation (the democratic road to socialism), comes up against the same almost unsolvable problem: the multipolar and centrifugal character of European public authorities and the internal divisions, along national cleavage lines, of the left forces of Europe (let alone the absence of any synchronisation of national elections).

The context has changed – dramatically so. In the new environment, neither the strategy of the „Revolutionary Grand Soir“ nor of “democratic patience” nor that of direct, anti-state action are rational. Certainly nothing is impossible to human genius. However, all this has become extremely complex. The
structure of opportunities has contracted considerably for all strategic options. The revolutionary project has lost its coherence and sharpness.

**A left without strategy is a harmless left**

If this picture is correct, then the implications are simply enormous.

1). The European Union structurally, not conjuncturally, undermines the modes of action of historic radicalism. Negotiation, the endless processes of compromise and wheeling and dealing, and the increased weight of technocratic solutions, are incompatible with the culture of radicalism. In reality, classical revolutionary concepts and the European Union are incompatible. There is no revolutionary strategy for Europe and it serves no purpose to attempt to formulate one. If a left party gives priority to “revolution”, if it thinks that the conditions of a major anti-capitalist overturn or even of a complete exit from capitalism exist, or will exist in the relatively near future, it has no reason to get involved in a complicated game with another 26 member-players and in an extremely rigid system of multi-level governance (a system moreover equipped with an enormous assortment of escape valves - 27 at a minimum, as many as there are national governments). It is irrational. Symmetrically, for any political party that makes the choice of working in the EU framework, the pivot of all coherence is called “reform”. The segment of the radical left that opts for a European strategy opts – of necessity – for a strategy of reforms. The European terrain is by definition the terrain of reform, and indeed difficult, tortuous reform. War of position, not war of manoeuvre, is its key distinguishing characteristic.

2). The European construction obliges one to tackle head on the difficulty of the **content** of reforms and of **thematic** alliances with other political families. Coherent and global reforms, taken seriously$^{15}$, and a strategy of intermediate goals such is the precondition of all action in Europe. A left inclined to criticise everything that moves on the planet – to quote Jean-Luc Mélenchon: “anti-everything, anti-everyone, showing itself incapable of agreeing on anything whatever may be the conditions” - this is a left completely inoffensive because lacking in any sense of history.

Put in this way, the issue is not ideological (“for” or “against” Europe). It is a question of elementary strategic coherence. Every major choice carries with it a range of possibilities – but also of “restrictions of coherence”. Either the left opts for a European strategy and manages the political consequences; or else it opts for an anti-Union strategy (leaving the Union, restoring national sovereignty) and copes with the resulting consequences. Both strategies have a very strong seed of coherence. What is incoherent (in fact: deprived of strategic reason) is to opt for a “European” strategy (meaning seeking solu-
tions at the European level) and continuing to use discursive schemes inspired by the insurrectional model; or to opt for a “return to the nation” and claim to be representative of universalism and the world proletariat. The out-of-date character of anti-capitalist ideologies is not just due to the fall of the Berlin wall.

3). To sum up, compared with the political systems produced by the nation-state, the European system has complicated, in unprecedented fashion, the historic modes of action, revolutionary as well as reformist, of the left. Hence, the need to redefine and adapt both the radical and the reformist project to new realities. Furthermore, because of European (and global) constraints, as also of the crisis of the “socialist ideal”, the old distinction between reformists and revolutionaries has lost much of the political and ideological pertinence it once had. The real, not the rhetorical, distance between the reformist and revolutionary attitude is smaller today than it was in the past.

Europe as a factor of division of the radical left

Everything that has been said so far confronts all those (whether on the right or extreme right, the left or extreme left) who wish – assuming they do – to “change” Europe, with a very delicate problem: how to change a system that is “closed” to the logic of change, without blocking it? How to be radical (in the sense of promoting new policies and new operating frameworks) in a system that, by its very nature (complex and cumbersome decision-making mechanism, 27 players-countries), is easily weakened under the pressure of change? How, consequently, to change European policies without breaking the European “machine” that generates them? Confronted with this highly complex institutional set-up, which, moreover, does encourage and promote neoliberal policies, any radical actor is faced with the following dilemma: either to destabilise the European Union or else destabilise his own radical identity. This point is crucial: how to be or remain radical without being (or becoming) Euro-critical or head-on anti-European?

The European integration process, traditionally a bone of contention within the radical left, reinforces the internal divisions and conflicts of the radical space much more than with the other partisan families. The blurred image of divergent sensibilities and approaches in the European radical left – euro-critics, anti-Europeans orthodox communists, the European anti-capitalist left, the Dutch with their policy of “less Europe”, the Scandinavians, traditionally very Euro-sceptical – is the proof.

Essentially the European radical left, taken as a whole, is torn between two attitudes or two strategic reasons: to work inside the EU, adopting a long-haul, long-term reformist project, with limited prospects of imposing its
preferences in the short and medium term; or to opt for an anti-EU policy and engage in the logic of a national “go it alone” strategy (exiting from the euro, returning to national sovereignty) at the risk of consigning itself to the status of a permanent minority, cut off from the “modern” strata in society and with no hold on international developments. This unattractive dilemma has no obvious solution. The two attitudes or options both have significant arguments in their favour – and flagrant weaknesses. The Euro-critics have difficulty in being convincing about their ability to promote deep changes (with the result that their opponents challenge their leftist identity, when they do not actually equate them with “social-liberalism”). The anti-EU or Euro-hostiles have difficulty in convincing people of the feasibility of the break they promise (which varies from “social-democracy in one country” to “socialism in one country”), and their competitors identify them with “national withdrawal” or “extremism”. To all appearances, ignoring the old game of stigmatising, both tendencies are right in their respective critiques. In reality, the margins of action, or structure of opportunities, has contracted considerably for both16.

Obviously, both currents find a great strategic opportunity in the Union’s present crisis for deepening, enriching and up-dating their particular identities. The passion aroused within Greece’s Synaspismos over the question of whether or not Greece should leave the euro zone, and the present French debate about de-globalisation illustrate this point of view. Europe, which henceforth occupies an important place in the agenda of the left, by making the resolution of the radical “puzzle” more difficult than in the past, is fuelling the split between Euro-critics and Euro-hostiles. Europe is bringing about an intra-left cleavage, a division that affects something more than policies and party strategies: it concerns mentalities, political styles, the soul of the left.

The ELP as a factor for structuring the radical left

If Europe reinforces divisions within the left, it also contributes to restructuring these cleavages. Of course, Europeanisation is a “matrix of powerful pressures not always pulling in the same direction”17. From this point of view, the establishing and consolidation of the European left Party (ELP) is a representative case of “positive pressure”. A detailed analysis of this “case” would go far beyond the limits of this article. Nevertheless, two aspects of its development deserve attention: on the one hand, the contribution of the ELP to a certain “unification”, and, on the other, to a certain Europeanisation of the “critical” left.

From its birth the ELP has followed a strategy of welcoming within it a
great variety of parties belonging to the radical left space in Europe. Certainly, compared to the Party of European Socialists and the European People’s Party, this young party has a limited representativity (it does not represent the radical mosaic as a whole). Despite the fact that some important national parties are not part of the PEL (e.g. KKE, PCP, the Dutch SP) or limit themselves to an “observer” (AKEL), the ELP has been able to avoid, to date, the danger of a left competitor (such as the formation of a left anti-European group within the EP, or of another left Euro-party). It has also been able drastically to limit the influence of the European anti-capitalist left by removing the ground from under its feet, thanks to its superior institutional position and its strategy of openness.

Indeed, the ELP fairly rapidly established itself as a reference point for the majority of the national parties and leaders belonging to the “radical left” galaxy. To some extent, it has acquired the status of the driving force within this tendency, which is an undeniable success in view of the great fragmentation and impossibility of cohesion of the contemporary radical space.

Moreover, faced with the national left parties that harbour extreme suspicion of any integration policy and, in addition, often formulate contradictory and unrealistic proposals, the PEL has gradually brought a dose of realism to the European strategy of the radical left. The distance covered between the ELP Congress at Athens (in October 2005, following the NO victory in the French and Dutch referenda) and that held in Paris (December 2010) is indicative of the programmatic maturing of the party. At the Paris Congress, unlike the one at Athens, a concern to go beyond criticism was central, the emphasis being placed on the articulation of an “alternative policy.”

The ELP is a weak and fragile actor at the systemic level, its weakness deriving from the real situation of the European radical left. In fact, any divided family runs more risk of political marginalisation in a transnational arena than in a national one. It has, however, become a significant actor within the radical left. By asserting itself as a representative as well as a vector of a new common cause, by its work of synthesis, it is outlining the contours of a new Euro-critical party family in statu nascendi. These contours are certainly still very uncertain and the party itself is far from having consolidated its gains.

We do not know whether this serious effort at structuring the radical space at the European level promises a new, more cohesive era for the left of the left or whether it is only a precarious face-lift. What we do know is that, for the moment and without predicting the future, the national parties that make up the ELP are projected, thanks to the ELP, as a little bigger, more influential, more pro-European and less protesting than they really are. From this viewpoint, the ELP is a real success story in the process of Europeanisation of the radical left.
With hindsight, we can state that the promoters of the idea of creating a left party at European level had correctly understood the impetus of Europeanisation. Their decision to seize an institutional opportunity for supporting and building a political strategy has been fully confirmed by the subsequent dynamism of the ELP. The European area is not only a source of constraints for the left – it is also a structure that offers political opportunities and resources for action. Europeanisation is assuming a structuring role for better and for worse.

Conclusions

1. The European Union, by its structure and its workings (and not by some sort of conspiracy of the elites or capital), raises an enormous problem of effectiveness and practical coherence for all the strategic options that have dominated the history of the left. In the new environment, neither the classical Leninist strategy nor the democratic road to socialism or that of direct action, appear effective. In a polycentric system with significant centrifugal forces, the mechanisms of conception and realisation of a revolutionary radical project have been destabilised (but so has the classical reformist project). A reduction in the actual perimeter of left action constitutes the hard core of the influence exercised by Europe. Consequently, the former distinction between reformists and revolutionaries no longer has the relevance that it formerly had. Europe has brought about a radical change in the environment and structure of political opportunities. All this boils down to a bleak outlook. Not from the viewpoint of electoral possibilities or electoral potential (the EU is a gift to oppositional politics from every point of the spectrum). The outlook is bleak from the viewpoint of the radical left’s ability to promote its political objectives.

2. The centre of gravity of the radical left’s European policy has gradually moved towards a zone mid-way between the clearly pro-European logic of the Euro-communists in the 1970s and 80s and the clearly Euro-hostile logic of the traditionally anti-integration parties. To judge by the programmatic positions of its published texts, the radical left is, overall, more pro-European than in the past. Nevertheless, to judge from the spirit of its discourse, the tough tone and alarmist accents, it is very suspicious of the Union. In any case, this Euro-critical attitude forms part of the modern raison d’être of the radical area.

3. While the critical attitude regarding the Union is an inherent part of the radical left’s identity, the meaning of “inherent part” lies in the constantly renewed tension between the Euro-critical tendency and the Euro-hostile one. The radical space is caught between two alternatives that reveal the hard-to-
resolve contradictions of the modern anti-capitalist project. Overall, this historically “anti-European” left seems, today, too tied to Europe to draw up an “anti-European Union” strategy (or a “de-globalisation” strategy). At the same time, it is too suspicious of Europe convincingly to draw up a strategy of profoundly reforming the community system.

4. The simultaneous building of a market Europe and a political Europe has created a powerful drive towards neoliberalism (setting in motion a vicious circle for any left project at European level). The fact, therefore, that today’s radical left, as a whole, adopts an intensely critical stance towards the EU is in no way unrelated to the model of European unification that is being pursued. Nevertheless, a shared critical stance towards European integration, notably in a period of deep crisis of the EU, has ceased to function as a factor of cohesion – as one might have fondly hoped. Rather it turns out to be just one more reason for fragmentation of the space to the left of social-democratic parties. The prospect of turning to national strategies is appearing increasingly tempting. Left Euroscepticism is acquiring a new lease of life. In all likelihood, this tendency will grow even stronger.

5. As regards the Euro-critical (versus Euro-hostile) segment of the left, a “carefully drawn up” strategy has to combine: (a) a policy well worked out (including technocratically!) for the central institutions of the EU and the major issues of the day; (b) a subtle vision of the “openings” and of alliances that the transnational space offers and (c) the establishing of a link with the social movement (one of the weaknesses of the European policy of the Euro-communists and the social democrats was that they dreadfully underestimated non-institutional action as a force capable of reorienting the institutional rigidities of the community structure).

I have one more word to finish this article. The present double crisis, that of financial capitalism and of Europe, opens a historic window of opportunity for the left as a whole, and for the radical left in particular. The collapse of the scenario of market self-regulation, which has twice been proved to be catastrophic, in the 1930s and in the second half of the 2000s, swept away liberal logic (and a lot of social-democratic illusions). For the radical left, the effectiveness of its response to this double crisis will be the major pivot for recomposing its identity, after the hardest period in its history. A left worthy of the name cannot exist as a modern force without a policy vis-à-vis the state (at national level). Today, by force of circumstance, the strategy of strengthening public authorities, both national and European, represents modernity, the most modern modernity that could exist in this turbulent period.
Notes

1) This article is a slightly reworked version of an oral presentation delivered at the Summer University 2011 of the French Communist Party. Bibliographical references are minimal. A later version will better reflect the sources that influenced the following lines.


6) Pereira, op.cit., p. 10


10) See the excellent analysis by Richard Dunphy, Contesting Capitalism? left parties and European Integration, Manchester, Manchester University Press, 2004


15) Heine, op.cit., pp. 148, 153

16) It is characteristic that today almost all of the tendencies of the radical left, from the most moderate to the most radical or “movement”-oriented propose – when they do propose – economic strategies more or less inspired by Keynesianism. See Luke March, Contemporary Far left Parties in Europe: From Marxism to the Mainstream? Friedrich-Ebert-Stiftung, November 2008, p. 9.


18) While it is far too early to assess the policy effectiveness of the European Network Transform! (linked to the ELP), it is already clear that Transform!, thanks to its institutional position and its activism, has effectively taken on the role of the coordinating center of the respective national foundations. However, this is the soft aspect of the task. The great challenge is to establish itself as a centre – and a new brand – in the difficult European left intellectual sphere. This will be the most arduous task, and the moment of truth, for the middle-term future.
Study for Atlas (1974)
We are in the deepest crisis in the history of the European Union. Only if both the governments of member-states and European institutions act decisively, can we get out of it. European countries can only regain their credibility when they move closer together and finally observe the rules. In the short run we have done a lot already and, for example, enacted sharper rules for the Stability Pact. Now we must put the extended European Fund for Stability, the EFSF, to work. And right after this we must activate the long-lasting mechanisms, ESM (European Stability Mechanism). In a third step, we should make plans for a stronger coordination of the economic policy that we need to stabilise the Euro zone and all of Europe for a long time to come”.1 This is by no means only the position of the chair of the EU Commission, but stands for the great majority of established policies in the Euro zone and the EU.

The USA and China have moved to increase pressure on Europe publically as well, insisting that European policies must more decisively and swiftly combat the debt crisis. According to the position of US President Obama, anti-crisis measures have not been undertaken quickly enough and Europe has never fully recovered from the financial crisis of 2007. Since the debt crisis has now expanded overseas and is threatening the US economy, decisions, the President says, should not be put off until the crisis gets worse.

Let us then look at the causes of the crisis and proposed solutions.
Causes of the great crisis of the 21st century

Starting with the US real-estate market in mid-2007, the credit bubble, which had been inflated for many years, burst in important capitalist countries. The resulting sudden devaluation of a large part of fictitious capital retroactively reinforced the chronic over-accumulation long since underlying the expansion of credits. Temporarily, the crisis process in the core capitalist countries threatened to get out of control. For the first time since the World Economic Crisis of the 1930s, the entire wealth produced in the world (gross world product) began to shrink. This synchronicity of recessions in highly developed capitalist nations characterises this crisis of the century as the first global crisis in the “Age of Globalisation”.

Even if the crisis first broke out in the USA and if in 2007 and 2008 the political and economic elites held the illusion that Europe would not be negatively effected by what was essentially a US speculation crisis, it quickly turned out that EU countries were at the heart of the crisis process and were much more strongly gripped by the recession.

As a result of the crisis, the social landscape has been fundamentally changed. In less than two years unemployment rose by about 50%-80% in most countries, and in so doing, a new base level mass unemployment has been established. Increased pressure on wages is one result. Added to this, following the experiences of the last decade, is the acceleration of a vicious circle of rising mass unemployment, growing precarisation of working conditions and the cutting of still not dismantled and privatised parts of the old European social model.

Factors responsible for the debt crisis are:

- massive expenditures to support the financial and banking sectors as well as economic stimuli; the lack of reregulation policies and resizing of the financial sector;
- tax decreases benefitting rich households which already in recent decades had encouraged the distribution imbalance and which in the last few years were reinforced by the major crisis;
- massive war expenditures for numerous military interventions;
- the massive debt of private households which, according to the scant available data, has grown to a record highs; and
- gigantic burdens on pension- and social-welfare budgets, which is in itself the results of increased precarisation and destruction of the political economy of wages.

Answers to the economic and social crisis in Europe amount to nothing more than providing short-term emergency programmes for the hardest hit countries on the periphery, with cosmetic-symbolic operations in the case of
reforms in the domain of banks and financial markets. Proclamations to the effect that one must strictly regulate the financial markets and reorient policy to the real economy, have – now that the immediate shock of the crisis as passed – never been pursued. Instead of this, the old competitive strategy has invoked and “a clear affirmation of the Stability and Growth Pact” is demanded. A European “New Deal” to overcome the crisis has never been up for debate.

In the Great World Economic Crisis, the character of the EU as a “project of the elites” becomes clear. Now this has come back to roost: A “European policy (…) at the turning points of the unification process has never before been carried out in such a blatant elitist and bureaucratic way”4 as it was in the wake of the course of the bulldozing through of a constitutionalism shaped by neoliberalism. From the onset, the constitutional process was not based on a policy to promote social and political integration. Massive democratic deficits were inscribed into it and the militarisation of foreign policy reinforced. And by now the world economic crisis has revealed the lack of perspective inherent in the neoliberal policy of deregulation, the extension of the market and the privatisation of central pillars of the European social model. The European wheelbarrow has gotten stuck in a deep legitimation crisis.

Even after the German agreement to extend the Euro bailout measures, the federal government is agitating for the continuation of neoliberal European policies in the sense of an elite project: stronger measures against countries which offend the EU budget rules are demanded; financial aid is to be tied more strongly to questionable rehabilitation programmes; the path is to lead “out of the Union of debtors to a Union of stability”. Political rhetoric is becoming ever more mendacious: the neoliberal elites assert that the shared goal is that “Europe exits the crisis in better shape” than when it got into it. But in fact, the crisis’ burdens are being still more shifted to the great majority of the population. It is said that a condition for overcoming the crisis is giving more powers to the EU. Foreign Minister Westerwelle therefore demanded that: “States which in the future want to use the solidarity of the rescue parachute must now concede binding rights of access to the European level during this whole time and concede execution rights regarding their budget decisions”; the goal should be to become a “European Stability Union”; “we must further strengthen the Stability Pact in the direction of automatic sanctions”. In the “ideal case” this would be reached by a reformulation of the European Treaties.

Four years after it broke out, an end to the crisis is not in sight – even if we believe the most common prognoses. The optimistic assumption of an uninterrupted growth of about 2% until 2015 in the European arena is based on a prolonged export boom, which supposes that investments will grow at a rate of about 3%-4% while private consumption lags significantly behind
the GDP. Consequently, unemployment will recede only very slowly – which in turn speaks for a progressive precarisation of working conditions. The entire accumulated debts of states, despite massive austerity policies – yearly public debts are to sink from 6% in 2010 to 1.5% in 2015 –, will continue to be far more than four-fifths of the GDP. European integration has reached the systemic limits of financial capitalism.

The decline of the periphery

Greece is the first European country that already in the beginning of 2010 exhibited clear symptoms of the insolvency of banks and state systems. An indicator of this was the increasing impossibility of refinancing the accumulated state credits on international financial markets. Through an assistance loan from European states and the IMF in the amount of 110 billion Euros in May 2010, Greece was provided temporary independence from financial markets – as were shortly afterwards Ireland and Portugal. However, in the meantime Spain and Italy also have moved close to the limits of debt sustainability.

But haven’t the Greeks programmed their own collapse because they have been living too long above their means? To be sure, through the financialisation of the last decades, the Greek economy has been pushed in the wrong direction. Low interest rates made it possible to pad the structural problems through the expansion of public and private debt. After the collapse of the Lehman Brothers investment bank in mid-September 2008 most countries – including Greece – gave guarantees to their banks. In addition, many countries propped up their damaged financial institutions with new equity capital and spent billions on stimulus packages in order to alleviate damage to the real economy. Pent-up structural problems, such as tendential over-indebtedness, bank and financial crises as well as a worldwide recession all of a sudden revealed the debt trap. The global financial crisis did not produce the precarious state of public finances; it has simply brought it to light But at the same time it has aggravated it through the explosion of interest rates.

The weakness of the Greek economy has structural causes deeply rooted in Greek society. Over the last decades, important areas of social value creation have come under pressure through the development of productivity as well as exacerbated competition. The infrastructure measures planned with support from the European Structural Funds could not be realised due to growing uncertainty in the banking sector. In addition, there are home-made problems such as excessive military expenditures, an inflated public sector and massive structural problems in taxing higher incomes and in tax enforcement.

In addition, social security is affected by structural changes, which should have long since been dealt with by a reorganisation process. This is by no
means an expression of excessive benefit entitlements for the broad majority of the population, because entitlements and social contributions should have long ago been balanced.

Nothing can be done to guard against such a crisis, not even with the harshest austerity policies. When numbers of bankruptcies increase rapidly, when unemployment increases by now to 18% and incomes are falling, the state will take in less, despite tax increases. Particularly with an asymmetrical tax policy incapable, not just symbolically but also in terms of confiscation, of getting access to assets and to apprehend tax evaders from “high society”, which instead causes consumption to break down as a result of higher mass taxation.

The economic downward spiral is the decisive problem and the cause of the multi-faceted symptoms of crisis. The tighter austerity programme subject to the conditions of the “Troika” (IMF, ECB and EU) has decisively contributed to Greece’s not being able to get out of the process of economic contraction.

It is a fact that Greek economic figures for the first half year of 2011 are worse than even realistic economists had predicted. Hope of a quick economic recovery is thus sinking. Greece’s finance minister is counting on a return to economic growth not before the year 2014, and even this is an optimistic assumption in the face of world economic crisis symptoms and world economic parameters. In this situation, returning the 2011 budget deficit to 7.6% of the GDP – as agreed on with the “Troika” – is not feasible. The even harsher austerity measure recently enacted will only accelerate the economic “death spiral”.

A successful rescheduling of Greece’s debt presupposes an amortisation table taking into account how drained the economy is. Several not insignificant questions of how another financial package must be configured in order to guarantee a temporary decoupling of Greece from the financial markets, or how high the interest rate can be for such a package, are not decisive in the end. What counts for any successful process of economic reorganisation is first of all clarity on what a new growth path can look like. The EU-Commission and the Euro countries are too timidly approaching a consideration of an investment and structural programme for the Greek economy, which would have to be tied to a corresponding structural programme for the European economy. Secondly, continuation of the restructuring process is meeting growing resistance from the populations of Euro countries and from the economic-political elites. Crises boost sceptics and populists, whether in Finland or in the Netherlands, in Belgium, Austria or Denmark. The EU is a useful scapegoat on which to project domestic national problems even if they are not at all due to communitarisation.
Orderly bankruptcy

Greece is insolvent – so it is said by a growing part of the ruling classes, because the country is no longer able to pay back its debts fully and on time. It has debts running up to 160% of annual GDP. Without money from the rescue package it can not even pay its interests. Orderly bankruptcy would thus mean debt cuts by about 50% and a return to the drachma. But what would be the consequences of such a debt cut?

There is justifiable fear that the national currency would be devalued far beyond 50% in relation to the Euro. The state and many enterprises would then have difficulty in servicing their debts incurred in Euros. This would result in payment defaults and enormously increased interest/risk premiums for new credits. Greece could indeed reduce its debt and interest burden. However, this would by no means involve a stabilisation of the real economy.

Even if populist politicians refuse to believe it, the allegedly most convenient solution, that is, throwing Greece out of the Euro zone – even though according to EU law this is impossible – along with a stop on all aid payments, would be full of risks. An end to the common currency and dissolution of the EU cannot be excluded. The reintroduction of the drachma would unleash capital flight. Most likely this would lead to a run on the banks because savers and investors would transfer even more money abroad. In sum: a collapse of the banking system, which in turn would require recapitalisation. Further dangers would be:

- a break-down of foreign trade;
- massive bailouts for banks, insurance companies, etc.;
- an increase of debts incurred in Euros;
- a spreading of the acute crisis to other Euro countries and banking systems.

The abrupt shrinking of Greece’s economy would have impact on the European economic, banking, and financial systems. Already now German write-offs of current engagements in the Greek economy would run to several 100 billion Euros, let alone the costs of bailouts for its own banks and financial market agents.

Debt rescheduling and continuation of the Euro system

In the face of such costs and the hard to foresee repercussions wiser experts advocate rescheduling. If Greece, Ireland and Portugal all together adjust the value of their outstanding public and bank debts by about 50%, the burdens on Germany, the ECB and other Euro countries would be reduced. In addition, in this way the spreading and contagion of the crisis could be halted.
Already now, Italy and Spain are being drawn into the maelstrom of the European debt crisis. There as well, the core of the crisis problem lies in the economic growth process. The IMF has published pessimistic prognoses for Italy. In 2011 the GDP is to grow by only 0.6 % and 0.3 % in the next year. Although this is not shrinkage as in the Greek case, but it does exacerbate the restructuring process.

Ways out of the debt trap

As was true in the past, Greece’s insolvency could be avoided. In order to do so, a rebuilding program is needed to combat the economic crisis and create jobs. But there is no money for this – except premature payments from the funds of the EU Structural Fund meant for Greece. Greece still has entitlements of 70 % from a promise of 20 billion Euros worth of infrastructural funds. However, there were blockades due to co-financing and the financial means to be made available by banks. But here too, investments in infrastructure (transportation, energy, etc.), agriculture, and tourism require a longer timeframe and an appropriate economic environment before any strengthening of accumulation in the real economy sets in.

Without a rebuilding program, any debt cut will only be another tool for buying time. With the approval of the European Parliament for an extended EFSF parachute, it becomes possible for the latter not only to shield countries from the financial markets but also to keep banks and pension funds liquid, which the write-offs required by a “haircut” cannot stem. And in the event that large amounts of money are transferred by Greek banks to supposedly safer foreign harbours, there is a Plan B in readiness, with the issuing of controls on capital movements. All this makes clear that it is not finance regulations that are the problems. They are in limbo if the real economy continues to sag. However, a plan for this is not on the agenda.

Not only Greece is sailing in turbulent waters. For all member-states of the Euro Club, the prognosis is: “that the conjunctural dynamic in the course of the second semester will continue to subside and a recession will result” which in turn will effect a slow-down of economic life also in Portugal far into the coming year. Thus, it is clear that the debt regime with the prevalent mixture of austerity, tax increases, parachutes and injections of liquidity by the ECB is hardly still manageable. “Recession in the Euro zone should entail a further negative stimulus for the debt crisis. Current official budget prognoses for many countries (...) will turn out to be too optimistic. This could contribute to further destabilisation of financial markets (...). Although in our prognosis we do not assume that there will be uncontrolled payment defaults by countries or bank collapses as a result of a possible drop in credit-
worthiness in the state loans for other countries the risk of such a development, however, is considerable, and if it occurs, the recession would deepen appreciably .

The balancing act between, on the one hand, ensuring states’ capacity to act by limiting their public debts, and, on the other hand, leading the real economy back to a sustainable-growth course, is no longer manageable for several countries, if international economic development stalls. In a deflationary environment, the debt crisis implies a renewed financial market crisis.

Certainly, a resizing of the financial sector is urgently necessary, but in doing so there must be concern that this does not result in a still deeper drop in real investments, or that payments in the area of social security does not cause does not further shrink.

A way out of the debt trap for Europe will in the end only be possible through a comprehensive economic structural programme. Even though elements of such a European New Deal are constantly being mentioned, there exists a lack of Europe-wide public opinion or a European public arena – one reason for which is that the political movements – trade unions, social associations, left parties – are still divided socially and nationally. In order to gain the capacity for mobilisation, however, there needs to be a common left agenda and left networks on the European level. As long as this is not the case, the current dominion of financial capital will remain in place, with all the risks this implies for Europe’s future.

Notes
1) José Manuel Durão Barroso, Interview in the Süddeutsche Zeitung, September 30, 2011.
2) The Greek case, which is currently in the spotlight, must also be placed in this context; see: Joachim Bischoff, Die Herrschaft des Finanzkapitals [The Domination of Financial Capital], Hamburg 2011 (to appear in November)
5) Through a lack of tax enforcement, through an asymmetry of tax burden benefitting loan income and through massive tax decreases for years now, they are in a bad state.
7) Ibid., p. 16.
Untitled
At the time of this writing, Europe is becoming increasingly unstable and no one can predict the scenario of the coming weeks. It is safe to predict that we are heading for a series of tragedies.

The great crisis that we are experiencing is the result of nearly forty years of neoliberal offensives that the right has been waging with increasing determination – and which has also contaminated whole sections of the left.

The forms that this crisis is taking are assuming characteristics that were unthought-of only a few months ago in Europe. Cuts affecting its peoples are beginning to produce tragic results.

We are seeing the reality of the concrete meaning for society of this stage of capitalism that has been rightly called “financial capitalism” or “de-civilised capitalism”. What we are seeing is more a worsening of a system crisis or even a crisis of civilisation than a way out of the crisis, in so far as the basic contradictions of the crisis of the whole system of accumulation and reproduction have in no way been resolved.

It has become a crisis for the very existence of the EU and the Euro. After having saved the banks and their situation, an increasing number of states are becoming prisoners of the financial markets, seeing their sovereignty undermined by the economic powers and the European institutions set up by the German and French governments. With these super-austerity policies, a vicious circle is developing, a descending spiral that will produce reactions whose scenarios no one can foresee.
More and more voices are being raised in Europe, including from the camp of the powerful, calling the austerity option a mistake. Timothy Geithner, the US Secretary of the Treasury, says that “governments should recognise that growth is the greatest challenge facing the whole world”. Joseph Stiglitz, winner of the Nobel Prize for Economics, feels that “the bad monetary policies that have plunged us into the present mess are unable to get us out of it”. Scathingly attacking “the fashion for low taxes” and “debt fetishism”, he stresses the contradiction whereby “the major firms are crammed with liquidities while the banks refuse loans to small and medium sized firms that, in any economy whatsoever are the sources of job creation” and he can only envisage pessimistic scenarios. George Soros says that Europe is in danger because of the weakness of the banks and the risks they were taking in the past as well as the absence of any stimulation of its economies and internal markets.

All this shows that the neoliberal dogmas are crumbling but that the dominant forces are showing their inability to produce alternative responses. New forms of oligarchy are undermining democracy and popular sovereignty. In this context of a disintegrating society in which the basic conceptions of solidarity and “co-habitation” are systematically undermined, there is no certainty that it is the united and cooperative resistance of progressive and democratic forces that will come out on top.

The European leaders unceasingly strengthen austerity policies even though there is tangible and widely recognised proof this autumn showing that these choices – being pushed to the limit in Greece today – not only aggravate the economic and social situation but are, on a long-term basis, depriving the states of revenue and thus the means of intervention. The phoney “aid plans” – aimed at saving the banks, not the population – have led to the destruction of 300,000 jobs in 18 months in Greece; a drop in wages of 30% and a diminution of its GDP by 5%. Unemployment continues to increase to reach 12.3% in Portugal (Eurostat), 14.5% in Ireland and 16% in Greece in the second quarter of 2011. As with the “structural adjustment plans” carried out by the IMF in the past, whose disastrous social and economic results are now recognised by the international community, these policies are leading to recession. In France, budgetary crises are breaking out these days, as an increasing number of local authorities are bankrupt, unable to balance their budgets because of toxic loans proposed by the Dexia Bank.

**Europe: towards an authoritarian capitalism?**

The crisis is particularly severe in Europe – which is connected with the very manner in which Europe has been built: on the precepts of “pure neoliberalism” and in the interests of “core Europe”. Continuing the logic of com-
petitiveness and austerity after the outbreak of the crisis in 2008 has led to unmanageable inequities. Society is increasingly undermined by austerity policies. The EU is threatened by divisions between its central and peripheral countries. The lack of balance, which existed before the crisis, has not been overcome. The states have saved the banks without giving themselves any means of controlling them. They have restored the power of the financial markets by giving up any attempt really to control them, by not developing socially and ecologically useful forms of research and production or increasing public revenue; instead their choice has been to transfer the burden of the debt to society. “Plans to help” do not support production and services but oblige countries to institute austerity and put an end to their social model; they expropriate society through extensive privatisation. With the “Euro Plus Pact”, a fresh step has been taken toward an authoritarian Europe. Even as recently as June 2010, Mr. Barroso gave the credit agencies throughout the EU the right to free movement.

It is becoming increasingly clear that the logic at work can only aggravate the crisis. The EU is facing a structural, maybe even existential, crisis. “All the ingredients are there for the crisis to become still worse. … Through failure to have envisaged the slightest restructuring of the Greek public debt to avoid under-valuing the assets held by the private banks, it is unfortunately probable that the crisis is still before us … The danger is not so much to see this European Union break up or the Euro collapse, since they are dying, but that national egotisms, the refusal of mutual aid and even xenophobia, are all that emerge from the ruins”.7

Indeed, disintegration cannot be imagined as anything but explosive and chaotic, with an incalculable number of bankruptcies. Even from the official German point of view, according to Josef Ackermann, chair of the Deutsche Bank, the cost of supporting the economically weaker members of the EU would be far lower than the cost of disintegration, taking into account the trade ties with the peripheral European countries and the exposure of the German financial sector to these countries8.

Can the disintegration of the Euro and the EU still be stopped? On the one hand, “lack of specific tools for economic and solidarity action, which could help national economies cope with the pressures of recession and the speculative attacks from the financial markets, created more problems for economic and social cohesion and reinforced inequalities within the European Union”;9 on the other hand the attempts to set up a new “European governance” are intensifying. These take on, in line with the dominant orientations, a form of “authoritarian capitalism” leading to “European ‘post-democracy’ within the structures of an authoritarian capitalism”.10 Indeed, one could talk of a “European coup d’état” when the national parliaments are
stripped of their budgetary authority in favour of the European Commission and when the latter sets the orientations in all social, fiscal, wage and investment issues. The attempts undertaken by the European leaders “radicalise neoliberalism”.11

Today we can dare the hypothesis that Europe can only have a future with a logic opposed to that of neoliberalism. This much is evident: a monetary union cannot become viable without a project of economic, social and ecological development that is geared to solidarity and democratic construction. For the EU this means a double change of logic: another economic logic and a radical institutional change.

The left must put on the table the problem issue of public authorities and their functions. Instead of “appeasing the markets”, it is “up to the governments to subject the markets to political and democratic control and restore power to the parliaments and the citizens”.12 All the more so as in several countries there are signs of severe crises in their political regimes.

While statist intervention has been increasing in the economic field since 2008, the neoliberal logic has not been abandoned. The European states and institutions continue to ensure that their actions conform to neoliberal dogmas. The danger of an authoritarian statism in Europe is increasing. The meaning of the “Golden Rule” is “bring the state back to a role in which it would be content to exercise purely symbolic functions. This would be a very great regression, which the neoliberals want, and which is also contaminating some sections of the Socialist Party”.13

On the one hand, the excessive debt of the states follows various attempts to save the banks, made worse by the present context of global depression. With no perspective of any revival, this is weakening them and reducing their means. On the other hand, the legitimacy of governments is crumbling at a time when there is the greatest need for public intervention and an enormous mood in favour of long-term investments and of a new kind of development for ecological transition.

The class confrontation over the public debt

The crisis of the public debt crystallises a major social and political conflict, the consequence of neoliberal logic, but does not alone convey the full reality of the crisis. The present public debt, in many European countries, has a series of causes: the growing inequalities and reduced taxation of capital incomes; the decrease in labour’s share of the wealth produced and society’s loss of earnings; the banks’ policies and their bailout in 2008 without any compensation; the pressure and blackmail from the financial markets as well as the lack of any political will to change the course of events.
There is no doubt that there is a debt crisis: “The immense financial accumulation of the last 25 years, like that of a largely ‘fictional’ capital in the meaning Marx gave the term, the constraints that this pyramid of financial claims imposed on the countries and the workers … is indeed real. However note that it is not the debt that explains the crisis – so it is not austerity that can help us get out of it. Since the 1980s, to increase the profitability of an over-accumulation of capital, shareholders have been putting unprecedented pressure on labour and the workers… Thus there has been an anthropological dimension to this crisis. Human labour, which should be at the heart of social development, has become a variable to be adjusted.” The resulting drop in public revenue and household incomes has been offset by indebtedness – which shows the depth of the disease.

While indebtedness today demands some emergency treatment, the real causes need to be faced by a new approach to development, to labour, to the real economy, social security and growth. The solution lies more in increasing revenues than in reducing public expenditure.

Social and political struggles and the battle over their interpretation

No doubt the lie of the “invisible hand” of the markets is collapsing. However, even if the inequalities (in incomes, property and power) stick out a mile, if the ruling circles are often called the “oligarchy”, if the book Le Président des Riches (the Rich People’s President) has sold 100,000 copies, if “get indignant” has become a popular slogan throughout Southern Europe, we are still in the grip of a massive sense of powerlessness, with untargeted anger. This leaves the powers that be and the markets room for manoeuvre. “The debt” is at the heart of the political and ideological confrontation, which is made easier by the fact that its causes are not yet seen as the result of political choices inherent in the system – those of financialised capitalism, accompanied by a neoliberal offensive on a world scale.

In many cases the majority of people who oppose the austerity policies do not have a perspective of a credible alternative logic. This absence of any interpretation of the crisis from a class point of view leaves the field open for nationalist and other ideologies aiming at creating divisions inside the subordinate classes. If it wants to break the “straitjacket vision” of the public debt, the alternative way of thinking must tackle the crisis in all its various aspects: the social crisis, the collapse of the real economy and public indebtedness. This presupposes immediately carrying out a debate on current realities, on the reasons for the debt and the solutions to the problem – and all this in a context of a coherent and global critique of the system.
A number of specific proposals let us to demonstrate the possibility of reducing the public debt: citizen audits regarding the debt’s structure, identifying and cancelling illegitimate debts, immediate reduction of interest rates (which could also be considered illegitimate) required from states, local authorities and public organisations. Regarding the cancellation of some debts, the criteria of social justice must be observed so as not to deprive people whose social protection is dependent on private funds. A new stage of socialising losses must include some elements of public appropriation of assets and powers.

The debate must also deal with ways of developing the real economy, work and jobs, social, cultural and ecological development – which presupposes radical political changes, the goal of moving on to another kind of development.

In the context of the European Union, the complexity lies in the fact that such an alternative logic must be applied both at the level of the member-states and at the EU level.

The need for a social front – at both national and European levels

If we are committed to opposing the growth of resentments, discrimination and nationalist divisions, we have to bring out the real nature of this confrontation between those classes that dominate in the framework of financial capitalism and all those who are dominated in European society. This involves making clear proposals that will allow the struggles to become more efficient and broaden their support. By crystallising the very nature of this confrontation, such alternative proposals would be able to diminish these resentments or even entirely prevent the underlying conflicts from being channelled into discrimination, resentment and nationalism.

There is a great danger that the brutal policies carried out by European governmental entities will lead to the search for scapegoats not only inside each society but in other European countries. A “nationalisation” of problems would only give more weight to the nationalist trends, to populist and extremist right-wing forces already very present in Europe as well as to splits between the northern and southern or between the eastern and western parts of the continent. More generally, one should see that the aggressive logic of financial capitalism constitutes a threat to democracy and peace and calls for establishing broader fronts to oppose it.

Faced with the crisis, the question everywhere arises of how to form a new social bloc that could bring about a change of policy, an alternative logic. In view of the social fragmentation that characterises this neoliberal regime, such a perspective would have to be very complex. Under present-day con-
ditions, the class struggle, with the fragmentation and job instability of wage earners, with differences in its experience of the crisis and of public policies, the search for new alliances between subordinate classes requires strategic innovation. It is not only a matter of finding what kind of political project would be capable of overcoming the social fragmentation but also what kind of position would encourage bringing groups together. We have seen that “dignity” is a catalyst which resonates across very different strata and places; this is well illustrated by the extraordinary responses to Stephane Hessel’s call to get indignant.

As we have said, neoliberal ideas are collapsing, but that does not mean the emergence of an alternative hegemony. The rumbling anger often has difficulty in defining its object and finding exactly whom to approach, which leads to exhaustion and giving up. The worsening of the crisis has strengthened both the anger and the feeling of powerlessness. The lack of the power to interpret, the lack of the power to act and the difficulty in uniting tend to generate resentments that can easily be seized on and manipulated (as we see is happening in Europe at the moment) by radical right-wing populist forces claiming to be defenders of certain social gains for a restricted part of the population. Fighting talk, though certainly needed, is not enough to beat back these resentments. To do so it is essential to propose real perspectives for the power to interpret, the power to act and the power to unite.

The difficulty of conceptualising the needed confrontations at the European level remains considerable, as political powers and democratic forces, social and political organisations, citizenship and political culture, social bases and political projects are still all structured at the national level. The economic powers that have an enormous influence on European institutions are much more advanced in this respect than are the democratic forces. The same logic that is rife at the level of the states – the predominance of the big business groups and financial markets on the political powers – is even more radically imposed at the EU level. This statist structure was established at the height of the neoliberal period, in a context in which, unlike in the case of the nation-states or “republics”, it was not accompanied by the emergence of opposing forces, of democratic instruments, of forms of civil society or of social and political organisations.

This is why the Europeanisation of forces that oppose the neoliberal integration of Europe is much harder. Nevertheless, initiatives and processes for seeking convergence and common actions are developing. The last Congress of the European Trade-Union Confederation in Athens, as well as the two Euro-demonstrations in Budapest (with 50,000 taking part) and in Poland (70,000 demonstrators) were all more militant than in the past. The Summer University organised by Attac Europe (in Fribourg last August) was an im-
portant working meeting that led to citizen initiatives.

On May 31, in the European Parliament, a European Conference, “Austerity, debt and social destruction in Europe”, was organised, which enabled us to measure the extent to which real convergences between social and political actors from about twenty countries had progressed. This also allowed the establishing of the basis for an alternative logic for Europe. It simultaneously covered the debt, the financial crisis, but also major social issues of the workplace, of social services and of democracy.

The European Left Party, in its July statement at Trevi, indicated the major directions for alternatives to austerity, on which a number of social and political forces are acting for another Europe. However it laid more stress on the question of wages (under-estimated in a number of popular initiatives), on a European minimum wage, on powers for wage earners. It also considered essentially modifying the European Treaties and strengthening the authority of citizen-elected bodies. It hopes to work for the emergence of a European front of resistance and of alternatives.

Regarding movements, it seems time to bring together those who are essentially protesting against “finance” and those who define their stand in opposition to “capitalism” – in other words those who have stressed the radical criticism of financial power and those who base their actions on the critique of labour/capital relations. Regarding ecological challenges, it also seems clearer that they cannot be tackled seriously in the context of the current logic. Faced with the offensives linked to the public debt and austerity, the different movements, be they social, political, trade-union, anti-globalisation or ecological, can only bring their struggles closer to confront a logic that is visibly more destructive than the partial aspects corresponding to their specific objectives. It is significant that many new public self-managing areas are opening up – the “take the squares” movement shows the dimensions that this phenomenon can take on in the current period – as well as working spaces from which convergence in struggle can emerge.

The political landscape is continuing to evolve. Populist demands are taking root in a more lasting way. The right-wing majorities in power in Germany and France, which are structured around European action, are being increasingly weakened at home. Thus the citadel of the French right, the Senate, has just swung to the left. For the first time in the history of the Fifth Republic it has a left majority. The German CDU has suffered a series of shocks in regional elections and has seen its coalition partner in the national government collapse. At the same time, Papandreou, the President of the Socialist International, has accepted the diktat of the EU troika, which will plunge his country into an unending disaster. The coming months, particularly with the election campaign in France, will accentuate the contradictions
within European social democracy. It is uncertain what trajectories these coming social explosions will follow.

For the political left, this great crisis and the transformation of the political landscape brings completely new challenges. Faced with the process of the disintegration of societies and the crumbling of neoliberal hegemony, it must work for the emergence of a new cultural and political hegemony.

Notes


3) Quoted in Le Monde, September 24, 2011.

4) Le Monde, August 17, 2011

5) Le Monde, August 18, 2011

6) According to the newspaper Libération, 5,500 local authorities had to resort to loans for a total of 25 billion Euros. The Revenue Court estimates that 30 to 35 billion out of a total of 160 of debts bought by the local authorities were toxic.


9) Nicos Chountis, MEP (GUE/NGL), September 2011


16) In German the phrase is “adressenlose Wut” (addressless rage).


18) In this connection see Gerassimos Moschonas’ analyses in this issue.

21) See a series of articles on this subject in this issue.
22) On this point see Transform! 08/2011
23) See the article by Dominque Crozat in this issue.
“Austerity, Debt, Social Destruction in Europe: Stop! Coordinate Our Strengths – Democratic Alternatives”

European Conference, May 31, 2001 (Brussels)
in Partnership with the GUE/NGL Parliamentary Group

After September 2010 forces involved in the European Social Forum and in European social mobilisations wished to organise this conference, a year after the European-wide hyper-austerity agreement. ATTAC (Germany, France, Hungary, Flanders, Spain), CADTM (France, Belgique, Suisse, Greece, Spain, Poland), Transform! Europe, Euromarches, Solidaires (France), FGTB (Belgium), EuroMemo Group, Forum soziales Europa (trade unionist network), Joint Social Conference, TransNational Institut (TNI, Amsterdam), Prague Spring II Network (CEE), Greek social Forum, Austrian Social Forum, Forum social de Belgique, Hungarian Social Forum Network, Espaces Marx (France), Socialismo21 (Spain), Copernic Foundation (France), Mémoire des luttes (France), Patas Arriba, Nicos Poulantzas Institut (Greece), Society for European Dialogue (SPED, Czech Republic), Initiative des femmes en mouvement contre la dette et les plans d’austérité, Transform ! Brussels, World March Women, Rood (Flanders), Coalition of Resistance (UK), WIDE (Women In Development Europe), Realpe (European network of progressive local deputies); cgt-fsu-solidaires of Le Havre on strike; Mesas Ciudadanas de Convergencia y Accion.

Participants further include: European Association for the Defence of Human Rights/Association Européenne pour la Défense des Droits de l’Homme (AEDH); European Feminist Initiative; Ligue des droits de l’homme (France), Fédération syndicale unitaire (FSU, France) and trade unionists from different countries. This are our conclusions – our convergences:

This conference reflects an emergency and took place at a time when the Euro crisis, the crisis of the EU, is deepening in the context of a general crisis of financialised capitalism. Europe, whose bases have been destabilised,
finds itself at a dead end. With the Euro Pact Plus, a new limit has been over-
stopped worsening the social and democratic crisis. Ecological issues can not
find solution in this context.

**Europe finds itself at the crossroads — its legitimacy is diminishing**

More than ever before, the only way out of the crisis lies in resistance and
struggles to reject the Euro Pact Plus, the new European economic gover-
nance, the generalisation of austerity and the pressure of public debts. It lies
in changing Europe to make it an area of cooperation and solidarity. We must
act together in Europe to counter the divisions, the nationalism and resent-
ment that can only encourage populist and radical right-wing trends that are
growing today even as we must link the European issues to the struggles at
national level and everywhere making clear the things we have in common.

**The social and political conflict is very harsh**

Difficulties are continually worsening for wage earners and pensioners, for
those in insecure employment, young people, immigrants and the poorest
people, or those falling into poverty. Everywhere women are the worst affect-
ed. We welcome as most encouraging the movements of “the indignant ones”
in many European countries for “a real democracy”.

**Convergent demands that mobilise**

We have soon that a number of struggles are going in the same direction by
carrying the demand for harmonisation of rights, and that, in an atmosphere of
indignation there are many convergences between social and civic movements,
trade unionists as well as social and political activists.

- The answer to problems raised in Europe as well as to the acute difficulties
  arising in several counties must be European and united.
- Economic cooperation at European level must have the objective of an-
  swering to people’s needs. The architecture of the Euro, of the institutions,
of European Treaties and arrangements must be altered to allow this.
- The public debts must be reduced: by new revenue; by the lowering of the
  interest rates that states and local authorities must pay; by the reduction of
  transfers to the creditors; by measures to cancel the illegitimate parts of
  debts through public and citizen audits that would enable the penalisation
  of speculators and the protection of simple savings and pensioners.
- New systems of public revenue must be established in various forms: a fair-
  er and less inegalitarian taxation system; the stopping of fiscal dumping;
  the taxation of revenue from capital and financial transfers; and the sup-
  pression of unacceptable kinds of expenditure, e.g. military.
- Many political measures must contribute to organising a organising a more
radical redistribution of wealth and to pushing back social inequalities and injustices.

● The financial sectors and banks must be subjected to more restrictive rules, with measures for public and social appropriation of the necessary instruments so as to work in support of a new mode of social and ecological development. There must be an end to the ECB’s restrictive policies.

● It is essential to reopen the perspective of an upward social convergence so as to stop the downward spiral of social dumping, the dismantling of social protection and retirement systems and the growth of pauperisation.

● Upward convergence of incomes must be enabled: the establishment of a European minimum wage based on each country’s average income to counter social and wages dumping and making the social minimums proportional the minimum wage. As a matter of immediate urgency, so as to struggle against social exclusion, no income may be lower than the poverty level. Women, the prime victims of low wages, are especially concerned by such a change of direction.

● To counter the impoverishment of new populations, the concept of social security must broaden to integrate the population as a whole.

● The most vulnerable populations, crushed by indebtedness and threatened with expulsion from their homes, as is the case in Poland, Hungary and Romania as well as other European countries, must be assisted and be able to benefit from a right to housing.

● European subsidies granted to the Eastern countries must in no case strengthen the indebtedness of local authorities: there must be a ban on the property of local councils being based on credits or debentures.

● European policy regarding immigrants must be radically changed and observe their social and human rights and encourage cooperation and solidarity.

● European public services must be preserved and developed so as to encourage the principle of equality, solidarity and education for all; research projects are needed to study the possibilities for the emergence of a new mode of social and ecological development. This is a fundamental objective to ensure that social activities remain in the public area and cannot be transferred as unpaid domestic activity by women or underpaid wage groups.

● Ecological and social issues require, more than ever, public and democratic control of economic decisions: moving on to another kind of economy is needed at local, national and European level.

● Democracy is in retreat in Europe, it must be defended and become more real as is being demanded by citizens all over Europe. The mobilisations in Europe must be strengthened and brought closer to favour a radical change of Europe — this is a matter of urgency. This conference expresses its full
solidarity with the movements of resistance to austerity, the pressure of the debt, and movements for a genuine democracy.

Several initiatives have already been prepared to advance and broadening the movements of struggle. Several paths are being discussed:

- ways of opposing the Euro Pact Plus and the economic governance package by multiplying the initiatives and carrying out campaigns of information and explanation;
- carrying out public and citizens’ audits on the public debt in various countries followed by a European coordination to finalise the synthesis of the results and draw up common strategies to cancel the illegitimate debts of European states;
- a variety of actions on June 23 and 24 during the meeting of the European Council on the subject of governance;
- reporting back the work of the conference as part of the European Social Forum process within which this initiative was started;
- deciding on the creation of an open and mobilising “debt and austerity” network with the aim of drawing up analyses, convergences and initiatives.

Some questions remained open in the discussion, particularly a proposal put forward by the Greek participants: should we try to develop a “common front of trade unions, movements, political forces” whose aims converge? Or the path of a “citizens’ pact” to rebuild Europe.

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See this document in English, French, German and Spanish:
Organic Crisis of Financial-Market Capitalism: Scenarios, Conflicts, Competing Projects¹

Institute for Critical Social Analysis (IfG), Germany

Preliminary Remark

“Upswing XXL” was recently proclaimed, and now the ruling elites are not getting their well-earned vacation. Every just acquired and announced “solution” of each most recent crisis is always out of date a few days or weeks later. Neither the markets nor the affected citizens “get some peace”. Destabilisation comes both from the economy and from the society. It is no accident that the hectic attempts of the new austerity programmes in Italy and in France and the protests by those abandoned by society in England, the famine in East Africa and the never-ending controversy around Stuttgart 21 are occurring simultaneously. In the current situation diverse, partly conflicting developments have a simultaneous effect. After neoliberalism was widely discredited in 2008 and capitalism fell into disrepute even in bourgeois Sunday supplements, society’s confrontation of the crisis did not weaken the neoliberal contingent but at first strengthened it. The path taken up to now of dealing with the crisis has stabilised neoliberalism, put it, in an authoritarian way, on a different foundation, which for its part is unstable and conflicting. It first excluded other social and ecologically reformist solutions. This places the various groups within the left before a completely new challenge. This summer the IfG of the Rosa Luxemburg Foundation worked out a comprehensive analysis of these developments. The following represents a much abbreviated version of this paper.
Thesis 1: The current crisis is a crisis of the accumulation regime and the mode of regulation of neoliberal financial-market capitalism.

All attempts at doing just more of the same are failing now, despite the sharply honed crisis skills of the ruling elites who demonstrated these skills in 2008 and 2009. The cause lies in the limits of financial-market capitalism itself: its accumulation is largely finance-driven: the search for new valorisation possibilities and the continuous refining of financial instruments could not prevent ever larger sums of capital from being accumulated, driven by a redistribution toward the top, capital for which there are not sufficient valorisation possibilities. Financial investments seemed more profitable and so spurred speculation on, which led to technological, stock, credit and real-estate bubbles.

The long-term strategic situation is characterised by the fact that the left must act within an organic crisis of neoliberal financial-market capitalism. So, for the first time after a very long pause decisions on political direction are again on the agenda - from above as well as from below.

Thesis 2: The recent period of the organic crisis is characterised by the unresolved contradiction between the limits of neoliberal financial-market capitalism, on the one hand, and the enormous attempts at stabilising it, on the other hand.

The basic assumption of the IfG – that the economic and financial crisis of 2007 / 9 is part of the organic crisis of neoliberal financial-market capitalism – has been confirmed. Such a crisis is characterised by the fact that the accumulation regime obtaining up to now has come up against its limits and a stable securing of rule is not possible without the fundamental transformation of the mode of regulation. Due to the difficulties of such a reconstruction, an organic crisis is being realised as a cycle through a chain of larger and smaller economic, social and political crises. In each of these partial crises conflicting strategies collide. Ad-hoc solutions and longer-term approaches are combined and tested. In the first crisis wave of 2008/2009 the elements of a second, greater crisis were accumulating.

Thesis 3: Through corporatist means, the first wave of crisis-management stabilised and sharpened the imbalances of financial-market capitalism.

The first wave of crisis-management was marked by strong (neo-)corporatist elements, relatively limited international cooperation and strong state intervention. The goal was a short-term stabilisation at all cost. The short crisis-corporative phase in Germany and many other countries was characterised by the conjunction of an increase in demand (car scrapping-bonuses), securing of jobs (part-time worker regulation) and strengthening of the
finance and production sectors. The decisive position of the financial markets was untouched; rating agencies and IMF have managed a new rise to power. In this the German government has become the most important centre and agent of neoliberal “consolidation” within the EU. Austerity policies have been carried out throughout Europe – an authoritarian neoliberalism. In the crisis, relations of force shifted once again clearly in favour of the representatives of financial-market capitalism. In addition, precisely in the European Union the institutional constraints of a neoliberal policy were reinforced.

**Thesis 4: The regional “winners and losers” of the crisis belong together.**

The first crisis in the crisis and the first wave of crisis-management have had very different consequences for different countries and regions. Those countries that particularly owe their growth in the last years to debt and speculation are hardest hit. This group includes the USA and, in the EU, especially Spain, Ireland Greece, etc. Countries and regions, on the other hand, which, in a mirror image, through their export capacity, had become the global and European creditors of debt-capitalism (China, Germany, Japan, Switzerland, a series of emerging countries) are the relative “winners”, whose gain, however, rises and falls with the stability of the “losers”. Thus the upswing in Germany is quite clearly dependent on securing demand in the European area, the USA and China. At the same time these present “gains” make it possible to reduce (official) unemployment.

*Strong inner-European contradictions have arisen, which the left has up to now not been able to deal with solidaristically.*

**Thesis 5: The second wave of crisis-management leads to the restoration of neoliberalism through authoritarian means and a more extreme neoliberal integration of the European Union.**

European financial markets, the IMF and the Merkel government (together with the Scandinavian, the Dutch and the Austrian governments) are aligned in betting on a radicalisation of austerity-policy measures, in other words, massive cuts and, not least, far-reaching privatisations. As far as measures for improving the revenue side are present, they overwhelmingly involve value added tax. This has motivated numerous protests from Greece and Spain to Great Britain, which have, however, been without consequences.

In the course of this, EU integration into the EU for the German federal government is no longer a value in itself, but the condition for a new international standing for Germany, which is based on its strong position in world
trade, or, in other words, the dominance of Germany in the EU is the basis for its expansion in global trade. The world export champion is becoming the refuge of neoliberal principles in the time of its crisis.

The left is confronted with the reinforced power and danger of neoliberalism and needs an independent project of an alternative European integration.

Thesis 6: Uncertainty will increase - even for the German export model. Different pathways are possible for the organic crisis: either more as a succession of partial crises or through the collapse of subsystems.

The immediate success of neoliberal crisis policies has created the basis of today’s new crisis.

In a situation such as this, three different economic scenarios can be expected:

a) It is possible, that despite its decline global demand will suffer no serious breakdown. In this case Germany’s export successes can continue to guarantee low-intensity growth in Germany, without a change of model becoming necessary. If need be, small and gradual changes in the direction of energy use and ecological modernisation can be made.

b) It is also possible to think that the recovery will stagnate (even stagflation) and a long-term trend to zero-growth stabilise. This would – in order to secure the economy, social systems and state budgets – entail the harshest redistribution conflicts around taxes, social services, wages and labour standards as well as ecological measures.

c) We consider as relatively likely, in view of the multi-faceted imbalances and the financial over-accumulation that is now building up again, a further deep financial and economic crash. Major crises and corresponding transformations even within capitalism normally proceed in a series of breaks and are very protracted.

The left must brace itself for a highly insecure situation, severe attacks, repression and rapid changes in the tactical situation.

Thesis 7: The current crisis has four fundamental dimensions: It concerns social cohesion, the reproduction of the natural and social bases of life, the exercise of power, and the guaranteeing of security.

Integration Crisis: First, the capacity for integration of countries, regions and also of world society has been drastically reduced. Inequality and injustice, as well as division and exclusion, are overburdening societies. In the place of the most elementary approaches of solidaristic cooperation, national economic-position competition and resource extraction, as well as social
and cultural polarisation predominate. The lower strata of world society as well as of national societies see themselves as hopelessly shut out.

Reproduction Crisis: Second, although the accumulation of assets has exploded, the investment in the social, cultural and natural foundations has lagged behind. It is a crisis in the relation to society as well as to nature. Resource shortages and contamination of the atmosphere with environmentally harmful gases have attained an irreversible character. The cycle of growth, resource exploitation and consumption maximisation remains unbroken.

Legitimation and Democracy Crisis: The gap between society and the established institutions is continuing to grow. The institutions appear as corrupt, in the service of the minority interests of the privileged and the rulers, dysfunctional, harmful or just helpless in the face of the real needs of large parts of the population. This also holds for the institutionalised left. Beyond very limited concerns, left parties and trade unions are hardly recognised or effective as a social force for a solidarity reconstruction. Therefore protest movements arise which are hardly or not at all connected to the institutionalised left, and we are seeing the rise of a new, socially anchored right.

Security Crisis: Against the background of the above-mentioned developments we see the dwindling of, in part the capacity for, and in part the interest in, opting for civil forms of carrying out conflicts. On the one hand, they are seen as ineffective; on the other, the conflicts are fundamentally antagonised (internationally and increasingly within societies as “a clash of cultures.”) An interventionist foreign policy, global strategies for the securing of spheres of influence and of the most massive arms build-up as well as (counter-)terrorist movements and regional gangs are one side of the coin. The other consists of internal-societal surveillance (state as well as private), the expansion of repressive forms of control and counter-)violence.

Thesis 8: A multiplication of the conflicts will occur.

It is to be expected that the debt crisis will swell further and conflicts around further billion-euro bailouts and social cuts will characterise the political climate in Europe (and the USA). In the case of a renewed financial and economic crisis, it is questionable whether the states involved will succeed in mobilising several billion dollars or euros again, in order to impede a depression. A flaring up of conflicts around the re-regulation of the financial markets and the costs of the crisis would seem inevitable.

Thesis 9: The rulers are attempting to strategically manage the conflicts. In so
doing, four concepts of society are competing with each other: The concept of a more extreme authoritarian neoliberalism, green capitalism, the new right and the Green New Deal.

The real crisis-management is situational, power-related and oriented toward quick solutions within the neoliberal framework. Based on the fact that the causes of the crises still exist, but that the capacity for a corporatist management financed by state debt has been markedly diminished, we must assume in the middle term that within the ruling bloc as well as outside of it (through civil society, the trade unions and social movements) the strategy of authoritarian neoliberalism will be challenged. To the extent that muddling-through will not be successful, what is most probable is either a closer connection between authoritarian neoliberalism and the new right or a green capitalist modernisation. Both paths can mutually support each other.

**Strategy of authoritarian neoliberalism (consistency of direction on an unchanged basis)**

The ruling circles are presently trying to reduce the threats to stability within the given structures. What is involved is a restoration of an authoritarian neoliberalism in that the crisis is met (as in previous major crises) with an intensification of the old regulatory mechanisms: financialisation, dictates to carry out social cutbacks, privatisation, flexibilisation, precarisation, de-democratisation. Although in Germany essential social services have been retained, cutbacks there will be more selective and repressive. Combined with marginal social partial amelioration and symbolic concessions the coercion is emerging more openly behind the crumbling consensus. Internationally, a class politics benefitting the wealthy and export-oriented transnational corporations will be practised. The guiding principle is the global free market and the individual as entrepreneur of his own labour power and provider of his own basic (social) services. As far as the economic cycle permits in some countries social concessions will also be made, while others will face social cutbacks on a scale not seen up to now.

The strength of this strategy of consistency of direction on an unchanged basis is its deep anchoring in the economic and political power elites and the ideological apparatuses as well as in the institutions. As long as rule is not directly threatened the power bloc itself will not launch a strong attack on this position. Therefore a muddling-through will prevail, which will have to use increasingly more authoritarian and repressive means.

The weakness of this strategy is that, first, it has to at least partly prune back precisely the propulsive force of the finance-market-driven accumulation regime, which up to now was the basis of neoliberalism. They can activate
significantly more resources neither through incurring state debt nor through indebting the lower classes. Second, they also lack a stable mass base, since they have constantly less to offer every broader sector of the population. That is why many turn to the new right.

**The New Right (Direction Constancy on a constricted basis)**

In the USA and many countries of the European Union a new right has arisen, which has seized on the interests and the values (performance, rank, recognition) especially of the threatened middle strata of wage dependents and autonomous workers and integrates these into the project of a defence of individual privileges, of one’s own territory and culture, on a foundation of neoliberalism. To the subaltern groups participation in such a project is offered. At the same time civil and human rights are restricted, parts of society completely rejected (“illegal”, “criminal”, “terrorists”, “Muslims”, etc.) and de-civilising promoted. We have the construction of “fortress societies” with totalitarian elements. Demarcations and exclusions within society and against the outside, concentration on short-term “national interests” and a selective connecting of protectionism to open capital movement are elements of this project. In the EU the pursuit of this strategy is tied to a further division into a core Europe and a periphery. The sealing off of the external borders could become even more drastic. For the elites of financial-market capitalism this strategy, it is true, ensures a mass basis in its centres and allows it mainly to strengthen its own regional position of power. However, this occurs on a limited and even shrivelling basis and opens up no new fields of accumulation. By contrast these could be opened by a transition to a “green capitalism”.

**“Green capitalism” (change of direction on a modified basis)**

For a long time now, ecological modernisation and the construction of renewable energies are options for renewing the technological bases and for opening new sources of accumulation. The revolution of information and communication processing as well as transportation in the last 30 years is to be combined with a revolution in energy production and the material base. The bourgeois capitalist bases of society are further developed (“revolutionised”) and at the same time the structures of domination are preserved. The subalterns remain largely passive objects of this development. Certain interests are integrated as regards the form of rule. Parts of the leadership groups of protest movements are incorporated.

Such a strategy requires a modification of the mode of regulation. The massive expansion of accumulation in the fields of ecological modernisation
is only possible if there are binding and realisable political targets, if long-term investment and promotional programmes create incentives and provide security and also if a targeted demand policy is created in these areas. Eco-Keynesian elements of market steering would be combined with neoliberal regulation and expansion of the areas of valorisation. Green capitalism is at once the continuation of neoliberalism and a break. The continuation and intensification of an “accumulation through expropriation” (Harvey) in the domain of natural resources culminating in land grabbing or the individualisation of environmental problems (“enlightened consumption”) show continuity as much as trade in emissions with its extension of market logic to the combating of environmental pollution. It is not just that limited financial-market regulation is sought; it is much more a matter of developing new instruments.

The strength of this strategy lies in the area of a new industrial policy. It can mainly be capitalised by export-oriented countries with a high share of investment goods (Germany, Japan, increasingly also China), but in so doing it puts other countries under additional pressure. For the market-oriented parts of the middle strata it creates new areas of activity and at the same time threatens traditional industries, without offering sufficient alternatives. It is highly adaptable to neoliberalism and only requires modifications of the given institutions, an accommodation of the leading protagonists (for example, of energy corporations) as well as the integration of new groups.

Green capitalism is a “bastard capitalism”, which combines very conflicting features in its mode of accumulation and of regulation. This weakness of the green capitalist project provides an opening for a social-libertarian Green New Deal.

**Social-libertarian Green New Deal**
*(change of direction on a new basis)*

This strategy of taming and incorporating capital by ecologically oriented sections of the middle class implies a consistent socio-ecological transformation and goes together with a massive destruction of capital. The latter involves the most powerful sectors of capital: the fossil-fuel companies, from oil to auto. These sectors, however, are not homogeneous, since especially the larger energy, chemical or even auto companies themselves are among the biggest greentech investors. A “controlled” devalorisation and destruction of fixed capital will, however, be extremely difficult.

There are currently no power-political conditions for such a new mode of accumulation and regulation, even if important conceptual bases for it have arisen and influential groups of the enlightened elite are promoting this op-
tion. It would require more comprehensive learning processes in parts of the ruling elites as well as more forceful countervailing forces with clear goals and a high capacity for cooperation in order to help bring about a breakthrough for this option. Within the ruling bloc the financial-market elites would drastically lose influence, while other forces would have to reorient themselves. This requires of the trade-union and left forces the connecting of clear and direct defence of interests with conversion strategies.

Unlike after 1945, no sustainable spiral of growing GDP and increase of private consumption can be set off. Especially the share of public expenditures, or the expenditures that involve public basic services, must be appreciably increased. The purposeful structural transformation requires deep interventions into private rights of disposal. A true ecologisation is not possible if the acquisition and consumer centeredness and the growth drive as well as the dominance of profit are not overcome. A Green New Deal cannot be an old New Deal with a green label but calls the basic structures of capitalism itself into question, or it will end up deeply conflicting with the needed ecological turn.

Regardless of which political camp succeeds in integrating other groups under its leadership in a reorganisation of the power bloc, the movement toward a green capitalism is already taking place. In the Federal Republic precisely those people are positioning themselves to play a leading role, who up to now had blocked an energy turn: the electricity-supply oligopolists. Market and technical solutions are favoured, including large-scale projects like Desertec, gigantic offshore wind parks, monopolised nets and – despite everything that has occurred – nuclear energy, if not at home, then still as an imported commodity. The fossil-fuel auto companies are banking on E-autos and new urban car-sharing models. IT enterprises, energy companies, rail and municipal enterprises are competing for the construction of the relevant infrastructures. Against the background of the given social relations of force and of the institutional consolidation of neoliberal budgetary and fiscal policy, the realisation of a social-libertarian Green New Deal is quite unlikely – the odds are better for the further development of a green capitalism, which can, however, also be converted into a Green New Deal under pressure of social forces, of learning processes, experimental successes and new crisis shocks.

**Thesis 10: A radical realpolitik of social-ecological transformation during the crisis requires the double strategy of a development of own approaches of transition to a solidaristic society and of a democratic green socialism, as well as bringing such approaches into the actual struggles.**

The left especially needs to bring in its own transformative approach to the solution of the current crisis, in concrete form of *entry projects.*
The central conversion projects should mainly aim at (1) solidaristic labour elations, (2) the transition to solidaristic and poverty-proof systems of needs-oriented basic insurance and the securing of the standard of living, (3) an energy turn (in production and usage), (4) participatory democracy in the economy, locally and in the whole society, (5) a turn to the social, ecological and democratic renewal of the European Union and to a solidaristic world economic order.

**Thesis 11:** The left must prepare itself for harsh defensive battles, efforts to preserve and extend their social and institutional base and to constitute a renewed solidaristic mosaic left (in Germany, the EU and globally).

The party Die LINKE has not succeeded in capitalising on the greatest humiliation of (finance) capital in the last 80 years. Instead its position – but also the position of its social “camp”: the abject and poor, as well as the so-called middle strata – has rapidly deteriorated. At the same time discontent is growing. In Europe and the USA the struggles have returned, even if often almost unorganised and always in danger of going unheard for lack of representation or of being “hijacked” by problematic representation.

Die LINKE is facing the challenge of connecting the vision of a new civilisation of free and solidaristic development to concrete entry projects, which are in a position to intervene in concrete struggles.

The following persons have worked on the formulation and discussion of these theses: Lutz Brangsch, Michael Brie, Mario Candeias, Erhard Crome, Judith Dellheim, Ralf Ehlert, Markus Euskirchen, Conny Hildebrandt, Christina Kaindl, Dieter Klein, Tadzio Müller, Rainer Rilling, Florian Wilde und Fanny Zeise.
In autumn 2008 the world experienced a financial crash, which brought the financial markets to the outer edge of collapse. Then peace returned (or more accurately: organised pacification), until another issue gave new cause for worry. Now it was the nation-states – because they (allegedly or really) “had lived beyond their means” and gotten into debt – that were in the dock. The market has been let off with probation. It will be left unimpeded as it busies itself with new fields of speculation, raw materials and food. However, the bill must and will be paid by others – as is so often the case.

In this problem there is nothing new: In the last 400 years a financial crisis has broken out about every ten years.\(^1\) Also in the 20th century such disturbances were part of normality – except for the period of 1945 – 1971. At that time financial markets were strictly regulated worldwide.\(^2\) Starting in the 1980s, the dikes were removed.\(^3\)

The result is hardly surprising: According to IMF research, in the two decades after 1975 there were 158 currency, and 54 bank, crises (mostly in the developing or emerging countries), which entailed economic damage at the level of more than 8 % of GDP, and in the case of bank crises even 11.5 %,\(^4\) in the USA, in Japan and elsewhere. “On a worldwide level”, the German economic historian Werner Plumpe writes, “currency turbulence has increased since the 1980s (…). The picture, well-known from the 19th century, of a many-sided crisis occurrence – of conjunctural crises, speculative exaggerations as well as currency and debt crises …, has returned”.\(^5\)
Parallels to 1929?

It is often asked whether there are parallels between the world economic crisis of 1929 and today. Statistical evidence speaks just as much against this as does research into the causes.

In speaking of this year, most people think of the October 1929 stock-market crash on Wall Street. The bursting of the speculative stock bubble, however, was only the trigger of the worldwide depression. Its causes must be sought in a myriad of structural dislocations of the global economy, which in part have to do with World War I. Only in the USA was there a boom before 1929; in Europe the 1920s were less “golden”.

The outbreak of the world economic crisis also brought the hidden problems of European banks into the light of day. This culminated in an acute financial crisis, whose point of departure was the collapse of the Österreichische Credit-Anstalt in May 1931, which rapidly overtook Germany and Great Britain and further aggravated the crisis of industry.

In contrast to 2008, the problems of the banks at that time were not the cause but the consequence of the problems of industry. And the power of financial capital rested on the close connection with industry, not – as is the case today – on the conscious separation between the two.

What happened in 2008 was, in the words of the by now much vilified British Prime Minister Gordon Brown, the result of a three-decades-long development, which can be identified with the economic-policy dominance of neoliberalism. This era of blind trust in the market is far from over. The struggle for economic-policy hegemony has, on the contrary, just begun; it has merely changed theme. In the meanwhile, there is no more talk of the failure of the financial markets and the reckless crimes of the banks and their managers, rather the talk is of the fault of the politicians and of getting into national debt – see the examples of Greece, Ireland, Portugal, Spain, Italy and perhaps soon also France. But we cannot be made to forget the excesses of a casino capitalism, which invented securities and moved them through the financial ether, the danger of which was hardly understood by anyone. They are the true causes of the problems of national debts.

While today one part of the herd of speculators is throwing itself into raw materials, precious metals and food and accumulating a dangerous potential for new bubbles, the other part is concentrating on isolating and pursuing financial “rogue states” declared to be unworthy of credit. The same rating agencies who frivolously or criminally gave triple A ratings to the legendary subprime mortgages from which the last financial crash arose, are now downgrading state bonds to the category of junk bonds, and are doing the groundwork for the same bonus hunters who previously talked the Greek govern-
ment into reckless financial high-wire acts, and today, through their bad advice, want to see the country restructured to death.

The ostensible “rescue” of the countries is a deeply ideological project, which in the end only serves to rescue the creditor banks. This used to be called “socialising the losses”. This procedure can, in extreme situations be systemically rational, because acute financial crises have their own dynamic and once unleashed are hard to get under control. Nevertheless it is noteworthy that the finance sharks have become so powerful that for a year now they have been able to drive the procrastinative EU like cattle.

Is the crisis already over?

The financial crisis, which only at the last moment was fielded by the aligned interventions of banks of issue and governments in Europe and the USA, is still not over. As in 1929, the improvement of the economic situation is potentially endangered by the overreactions of the so-called “markets” and of the governments. A new aggravation of the crisis is – despite all the differences with 1929 – basically possible. It is only the sequence of the crisis which differs: In 1929 the crisis broke out in the real sector (in agriculture and industry), spread two years later, in 1931, to the financial sector and from there retroacted through wrong economic-policy decisions on the real economy.

Such a danger also essentially exists today when all countries prematurely and in dogmatic zeal rapidly reduce the deficits (keyword “deficit brake”) that arose from socialising the losses. On the other hand, there are crisis-softening factors such as the still unbroken dynamic of growth in the big emerging countries like China, India and Brazil.

Before the First World War Marxist thinkers like Rudolf Hilferding analysed the beginnings of the dominion of “finance capital”. But it is only in the last twenty years that the financial sector has emphatically appointed itself masters of the world: The banks and “shadow banks” (funds) freed of all regulatory fetters have played for the world a melody that has now really made the financial markets and the global real economy dance: in 1980 the gross world product (GWP) was 12 billion dollars and thus higher than world financial assets (10.1 billion). Sixteen years later the GWP was 48.3 billion dollars, but financial assets amounted to 167 billion dollars, of which 100 billion represented private assets.

In 2010 the GWP was 63 billion dollars. The volume of worldwide traded stocks and bonds was higher: 87 billion dollars. In the same year the estimated global nominal volume of the financial derivatives traded off-market (over-the-counter) amounted to 601 billion, the volume of currency transactions (projected on the basis of April 2010 turnovers) reached the fabulous
level of 955 billion dollars, that is, almost 15-fold the GWP. So much for illu-
sions of the potential for intervention of countries and banks of issue in the
case of a global financial panic!

The dance of the financial protagonists is still not over. However, one
chimera has at least served its time: the idea that the inflating of the financial
sector could lastingly create social wealth, growth and jobs, without the
banks having to fulfil their traditional function, the financing of the real sec-
tor. In reality, the huge growth of added value in the financial sector rested
on the systematic underestimation of the risks and the piling up of phantom
profits.9

A bank is not just a bank

Above all the bloated financial sector has to be reduced in size. However, in
the financial sector one has to distinguish between two types of banks: those
whose main business then and now consists in making credit available to the
productive sector and those who carry on speculative activities, up to and in-
cluding the so-called “shadow banks”, which are mainly hedge funds. The
commercial banks mainly felt the secondary wave of the 2008 shock as the cri-
sis began to spread to the real sector and broadened into a worldwide crisis of
credit and trust in whose wake the refinancing channels threatened to dry up.

To a great extent (especially in the financial sector), the economy is psy-
chology, and has to do with trust and optimistic expectations for the future.
Each financial crisis is the transformation of euphoria into an acute panic
neurosis. At the end of 2008 the mistrust of the banks among themselves
reached a point at which they were about to cripple the loan market.
Since the commercial banks did not want to lend any more money to each
other, the banks of issue and governments stepped into the breach. The gov-
ernor of Spain’s central bank described this dangerous situation with these
drastic words:

“Inter-bank traffic does not work, and it sets in motion a vicious cycle: The
consumers don’t buy, the entrepreneurs don’t hire, investors don’t invest and
the banks don’t lend. We are facing a near total paralysis…”10

This is in fact the worst-case scenario, out of which depressions – it is no
coincidence that this word comes from psychiatry – are made. And in reality
markets and stock exchanges know only two conditions: manic and depres-
sive. If one gives in to illness, the result is what is now occurring.

One can of course believe that the speculating banks must have learned
from their mistakes – if it really were a casino, as many think! But it is a ver-
itable financial industry, which – driven by the hunt for quick money – has
carried on just as it had before 2008 (or nearly so). Look at the UBS in which
the bank directors let a young gambler play with proprietary trading, as long as everything goes well. If things turn out badly, just have him arrested.

As in the world economic crisis of the 1930s, new strict rules, as a minimal programme, are essential – if one indeed cannot immediately or directly abolish capitalism as a whole. At that time bank legislation was reformed throughout the whole world. In the USA the 1933 Glass-Steagall Act drew a sharp line between investment banking and the “normal” commercial-bank sector. The repeal of this law under Bill Clinton decisively contributed to the gravity of the 2008 crisis.

This gigantically swollen financial sector is embedded in a new capitalist system, in which the industrial sector is avoided because financial investments generate much higher returns. For the real sector new “theories” were invented, such as shareholder value, which has made into the highest principle that of quick profit at any cost. Those who have profited from it are once again mainly institutional financial investors (banks, funds, insurance).

In the industrialised countries, all of this led to the reduction of the share of national income accounted for by wages. The gap between rich and poor, as even the Neue Zürcher Zeitung (NZZ) writes, in the USA has “in the meanwhile become bigger than in the traditional banana republics”. 1% of the US’s population (as of 2007) now receives more than 18 % of the national income. High earners make 531 times more than an average worker. In 1980 this proportion was 1:41.11 Interestingly, in 1929 there was a similarly extreme proportion: The top 1 % made 18.4 % of all income; in 2007 the percentage was 18.3 %.12 Whether such a constellation implies a disposition to the formation of speculative bubbles would be an interesting question for research into the causes of financial crises.

In a closed economy this would inevitably provoke a crisis of under-consumption. Neoliberalism solved the problem “creatively”: by displacing production into low-wage zones a room for manoeuvre for the reduction of real wages in the rich economies opened up, which allowed the securing and expansion of traditional consumption behaviour. As just one example: In the US’s textile industry the hourly wages in 2002 were $15.10, while in Mexico it amounted to $2.30, in India to $0.40 and Bangladesh $0.25.13 It is for good reason that our t-shirts do not come from the USA.

**New old dangers**

What is dangerous about the crises in the financial sector is that they spread to the actually productive sector and thus set in motion a chain reaction toward the bottom. Whether this occurs also – and mainly – depends on the reaction of economic policy. The danger is that the first, reasonable qua-
si-Keynesian crisis reaction of 2009 will be followed by a long period of financial-policy orthodoxy that – as after 1929 – will aggravate the crisis in the real sector and in the end still have to be corrected in an interventionist way. The textbook example of this would be the US: After the New Deal, under pressure of so-called “public opinion” the Roosevelt Administration in 1937 was ambushed into returning to a balanced budget. The result was a new economic downturn, which was only overcome through the arms build-up as a result of World War II.

Today deficit reduction is once again being demanded at any price (“debt limit”, “debt brake”). What would happen if, for example, all Euro countries were to pursue a restrictive course we don’t even have to bother describing. One can even read what would happen in a NZZ report on Ireland:

According to Moody’s … due to the austerity programme it is uncertain how quickly the Irish economy can recover … The statement implies that the country’s strong austerity course could lead to a downward spiral. In so doing the job-cutting in the public sector can lead to more unemployment, decreasing demand and falling tax revenues, which in turn would make further budget cuts necessary. The Irish government’s hope, however, is that the austerity course will in the middle term lend the country more credibility in the financial markets, allow a recovery of state finances and lead to the recovery of the economy. In this scenario a major role is assigned to exports.14

Purchasing power is always supposed to come from somewhere else. But when everyone does the same thing the sum is zero. That the Irish budget deficit has to be reduced due to the reckless policies of the past is beyond doubt. In 2010 it amounted to 12 % of GDP; if one includes state bank aid in the calculations, it comes to 32 %,15

If, in the place of Ireland, one considers Austria, and shifts the scene to the 1930s and writes “deflationary policy” instead of “austerity”, one gets – also in regard to the distribution of the crisis’s burdens – a disquietingly perfect parallel to the period of the world economic crisis.16

As in Ireland, so also in Spain: A recent OECD study recommends tax hikes in Spain (in the event that the government’s plan is at all realised of reducing the budget deficit from 11.1 % in 2009 to 6 % in 2010), through raising the added value tax, as in Austria in 1931, among other things. The study rants at the “excessive protection of the permanent employees” and suggests pension cuts by way of a lengthening of the recalculation times from the present 15 years to the whole working life.17

An end to such a policy is not in sight. Greece is the showcase for what extreme cuts can mean: According to the government’s plans, in 2011 the budg-
et deficit was to be reduced by 14 million Euros compared to 2010 and thus
to fall from 15.4% of GDP in 2009 to 7.4% in 2011. Since then there has
been no more talk of this. The budget deficit will be at 9.5%; and the GDP
will drop an additional 5.5% in 2011, in 2012 again by more than 2%. Ac-
cording to the most recent announcements, in the future public employees
will earn a further 40% less, and pensions will be reduced still again.18 Al-
ready in 2010 private consumption plummeted by 40% from the previous
year’s level as a result of the austerity policy; unemployment has doubled.19
In Spain, too, the rate of unemployment, 20%, has never been so high. In An-
dalusia it was almost 30% in 2010; more than 40% of those under 25 are
without employment.20

Apart from the consequence in the real sector, the financial crisis too is
nowhere near having been played out, also not in the USA. There, when the
next (commercial) property bubble bursts, almost half of banks could slide
into bankruptcy.21 The European banks are endangered not only – as one
would have us believe – by national debts but generally by bad loans, by low
equity ratios – a problem that also existed in 1929 –, and by the brazenly out-
sourced money-losing businesses, which do not appear in the balance sheets
of the banks themselves.

If one did not know that more is called for, one could cry out: bank reform
is essential! The true dimension of the problem raised by the 2008 crash has
been described by the US economist Kenneth Rogoff: “They (the politicians
– F.W.) have guaranteed practically any credit in the world and have throw a
net over the world financial system”. This has, he explained, certainly
“stopped the panic”, but at the same time “a monster” was created, a system
in which the tax payer bears the risk. Now, he said, it is necessary “to subdue”
this monster”.22

However, there is certainly no subduing occurring. To recognise this one
does not only have to think of the newest scandal with the Swiss UBS; in gen-
eral the banks and “shadow banks” – especially the US banks – are carrying
out transactions just as risky as those before 2008. The subduing appears rel-
atively simple where banks have driven whole countries to the edge of ruin
and are extremely beleaguered, as in Iceland or Ireland. In the USA and in
Great Britain, on the other hand, financial capital is meeting the attempt to in-
troduce new rules with tough resistance. To call to memory a useful older con-
cept: a struggle for “hegemony” in economic-policy questions has broken out.

The neoliberals’ biggest marketing trick now, however, is the worry over
national deficits and monetary stability. In the value-neutral language of the
NZZ: “In the view of many market participants … the measures up to now
taken in the Euro zone do not represent sustainable solutions”. For the first
time since the end of the 1940s, the article continues, “there is the risk in the
economically developed countries that single countries may not completely be able to meet their debt obligations. The danger is greatest in the Euro periphery, but it will soon also spread to other countries, including Japan and the USA.\textsuperscript{23} As often occurs in closed systems of thought, this amounts to a self-fulfilling prophecy. But this is only a half (speculator) truth: Since the months of the burnt bank fingers in Fall 2008 huge masses of profit-hungry capital are wandering about in all markets in which quick money is to be made with speculative dealings, whether these be in metals, grains or credits to precisely those countries that have been maligned and for which the EU now the garantor.

And when all budgets are balanced, what then? The big boom or – as after 1929 – a fall into the depression spiral? What is happening three years after the crash: Also in 1930 rosy prospects were painted for the future of the world economy until in 1931 the financial crisis broke out in full fury throughout the whole world and aggravated the economic crisis. It is no accident that the financial crisis originated in those banks – like the Österreichische Credit-Anstalt für Handel und Gewerbe – which, trusting in a (never arriving) boom had for years carried out an over-optimistic, highly expansive credit policy.\textsuperscript{24}

Also not accidentally, the main institutional victims of the financial crisis that broke out in 2008 were those banks and governments that in their belief in an eternal upward trend had most exposed themselves. Institutions in the financial sector – and also in the area of state finances – which in “normal” times dare to go to the edge do so in blind trust of a fairytale growth. At the first endurance test they get into trouble. This leads to the question of what banks and politicians learn from history. Before 2008 there were – just as before 1929 – enough alarm signals for the formation of a bubble. John Kenneth Galbraith writes in his famous book on the Great Crash of 1929 that the Americans had at the time developed “a veritable obsession” with “becoming rich quickly and doing so with a minimum of authentic effort”.\textsuperscript{25} Like today. Galbraith also describes the disastrous role played by the so-called “investment trusts”, that is of funds that managed stocks. Not accidentally, it was in this connection that the expression “leverage” first turned up: using the minimal possible resources to “move” the greatest amount.\textsuperscript{26} Like today.

Before 1929 speculation was concentrated in the New York Stock Exchange. It was there that on October 24, 1929 the famous “Black Thursday” occurred. In the end, American stocks lost 85 % of their value between 1929 and 1932. In 1933 the US’s GDP was about a third lower than it was in 1929. Almost 13 million people were without work in that year; this corresponded to a rate of unemployment of ca. 25 %\textsuperscript{27} Only then did the economic-policy counter measure begin to take effect.
This time – 2008 and afterwards – things went better to the extent that the reaction to the impending financial meltdown was quick and decisive – thanks to the unorthodox measures of the banks of issue and of the politicians who, after years in which they had preached neoliberal water, poured Keynesian wine into the porous financial channels. However, the danger of a plunge into depression is far from over, even if the big western countries will for the time being be saved by the emerging markets in Asia and Latin America. Estimates assume that these countries will in the next 5 years contribute more than 50% to global growth. Or in other words: The global redistribution away from the “old” economies will continue.

Political dangers

No wonder then that parts of the US and European populations fear for the future and are turning to right-wing populist and radical parties.28 But this is not the only right twist that is looming. There are dangerous discourses about democracy, to which we need to be sensitive: In the 1930s democracy in Austria was not only destroyed by Dollfuß and his consortium, but also by the financial experts of the League of Nations, who saw tedious parliamentary decision-making processes as impeding the rapid rehabilitation of state finances.

There are also such voices today: “Democracy”, the social philosopher Rudolf Burger warned almost a year ago, “is above all a question of form. It consists in the first place of the observance of laws (…) On May 9 (2010 – F.W.) the Euro bailout package was passed in a special European Council meeting – over night. In a single stroke this meant the disenfranchisement of 27 parliaments! Without an outcry. I would not like to evaluate the bailout package substantively. But it really struck me as being equal to March 24, 1933, the day of the Nazis’ Enabling Act, of the suppression of parliament in Germany. At that time it was also a matter of ‘preventing harm to the people and the Reich’. (…) I am expecting a crisis of erosion in all of Europe. No overthrow, no coup d’état, but a growing erosion of the legitimacy of political rule and political structures”.29

Still more obvious is the authoritarian logic of the “bailout action” in the Irish example, in the Treaty (“Memorandum of Understanding”) between the Irish government, the IMF, the ECB and the EU Commission. Here is how the Neue Zürcher Zeitung sees it:

The agreement confirms the planned correction of 15 billion Euros or 9% of GDP in the fiscal position until the end of 2013 … Of this, 6 billion Euros alone are cancelled from social welfare. (…) The Irish government has to report weekly to the international money lenders on
the status of state budget. (...) On a quarterly basis the state has to report on the number of its personnel and the state payroll. Ominously, the report determines that additional lay-offs will be prescribed as long as the targeted efficiency increases in the government are not achieved.30

The commentary in the Irish Times: “We have arrived at a humiliating point without parallel”.31 For months now on a daily basis we can read similar comments in Greek newspapers. Still, all of this only paraphrases what Austrian newspapers wrote at the beginning of the 1930s on the demands of the League of Nations, which were constituted approximately like those which are now directed at Ireland, Portugal, Spain and Greece.

The Salzburger Nachrichten pinpointed the problem – in the context of Portugal – in June of this year: “However the new government looks – it has to do what the EU and the IMF decide”.32

The journal mitbestimmung said much the same thing.33 EU Commission President José Manuel Barroso, the journal writes, in a meeting with trade-union representatives in June 2010, warned of the political consequences of social protests in southern Europe and did not exclude an end to parliamentary democracies in these countries. He said, the journal reported, “that these countries, with their democratic structures, as we know them, could disappear”. Greek Prime Minister Giorgos Papandreou seems to have considered this, when he publicly said, alluding to the military dictatorship of 1967-1974, that the protests against the austerity course of his government could destroy democracy.34

A de facto disenfranchisement means submission to the dictates of the financial markets, the IMF and the EU financial experts in any case. It does not have to take such a bad turn as in Austria in the 1930s, when with the assent of the League of Nations’ advisor democracy was dismantled because it stood in the way of “the work of reconstruction”35 and the rehabilitation of state finances.

Also after 1929, the discussion turned around social cuts, saving on state officials, the limiting of the “power” of unions and – not least – around a “regime” with “expanded powers” on the model of the Brüning government in Germany.

Today this is still creeping up light-footedly. The publishing house of the Frankfurter Allgemeine Zeitung recently put out a book with the title Dare Less Democracy, in which the “debilitating influence of the ‘voice of the people’ … and of the emancipatory zeitgeist that doubts everything” is bemoaned and a cutback in democratic participation is demanded.37 Already last year it was possible to read in a German periodical in a piece with simi-
lar outlook, in which the clumsiness of democratic decision-making processes is criticised, of a “wish for a little bit of dictatorship”, for a “commissarrial dictator” in the sense of Nazi jurist Carl Schmitt.\textsuperscript{38}

In this we have still not received the bill for economic rehabilitation. Today, however, it is not only a question of the redistribution of the burdens of socialisation of losses but – in the sense of a minimal programme – of calling for crisis prevention for the future: stricter rules for the financial system, reinforcement of bank and financial-market oversight, taxes on transactions (with its ur-model the Tobin Tax), etc. Still, even the IMF – and this already a dozen years ago – proposed in an enlightened moment a “judicious regulation to limit short-term capital flows”\textsuperscript{39}

Meanwhile, the bustle in the money and capital markets goes cheerfully on. No less than the Chair of the Board of Directors of Deutsche Bank, Josef Ackermann, has recently compared the mood in the financial markets to that before the crash of Lehman Brothers. The banks distrust each other; only the ECB keeps the money market afloat. The markets are, in the jargon of neoliberalism, “extremely nervous” Every little rumour makes stock-market trends fall. This time the game is about state bankruptcies, “haircuts”, and “credit default swaps”, about betting on the collectability or non-collectability of state loans. “Credit default swaps” have already played a crisis-and panic-reinforcing role in the subprime crisis. It will not be the endgame, but who will pay the bill is – in today’s relation of forces – already clear. Unless those who are asked to pay up decline to play the game.

Notes
3) Michael Bloss et al., \textit{Von der Subprime-Krise zur Finanzkrise} [From the Subprime Crisis to the Financial Crisis], Munich 2007, pp.23ff.
4) \textit{Neue Zürcher Zeitung} (NZZ), April 17, 1998.
5) Ibid. p 102.
7) That China has enough problems of its own, like the growing indebtedness of the provincial authorities (and connected to this, a potential real-estate bubble) – see \textit{Die Presse}, January 7, 2011 –, is another story.
8) ISW Report No, 75, pp. 22ff. (ISW – Institute for Socio-ecological Economic Research, Munich, see http://www.isw-muenchen.de/).
9) On this see the extremely informative article “Mit Vorsicht zu geniessende Expansion des Bankensektors” [the banking sector’s expansion to be enjoyed with caution”] in NZZ, September 23, 2011.
10) Quoted in the World Socialist Web Site, WSWS.org.


14) NZZ, December 20, 2010.


18) NZZ, September 23, 2011.


20) SN, January 29, 2011.


22) Süddeutsche Zeitung, December 1, 2009.

23) NZZ, December 6, 2010.


26) Ibid., pp. 85ff.

27) Ibid., p. 233.

28) This applies especially to Eastern Europe. In view of this danger, even the head of the Raiffeisen Bank International, Herbert Stepic, speaks of the “danger of the sprouting of nationalisms” and of a noticeable “swing to the right, in which we once again hear talk of racial superiority” (SN, December 28, 2010).


30) NZZ, December 4, 2010.

31) Quoted in NZZ, December 4, 2010.

32) SN, June 6, 2011

33) mitbestimmung No 4/2011.

34) NZZ, July 3, 2011.


37) “Ein klein wenig Diktatur?” [A Little Bit of Dictatorship], in: Internationale Politik
The Medium-Term Fiscal Strategy in Greece

Tracing Ruptures and Indicating Tendencies in the Memorandum Policies

Giannis Balabanidis

In what follows we will analyse the general impact of Memorandum policies adopted one year ago and that of the measures introduced by the Medium-Term Fiscal Strategy Law this summer. Given the fact that both the Memorandum recipe as well as the Medium Term measures provide the framework within which public policies will be developed over the next five years, a thorough analysis of both is essential in order to conceptualise the deep-seated changes that Greek society is undergoing.

There is no alternative: Towards an authoritarian democracy

The law outlining the Medium-Term Fiscal Strategy programme’s implementation was passed by a plenary session of Parliament on June 29. The very fact that the Parliament ratified the law after an urgent debate, instead of following the regular parliamentary procedures, and a roll-call vote to avoid MP leaks, indicates a clear authoritarian turn in its operation. Moreover, outside Parliament, Syntagma Square was occupied by a multitude of citizens protesting the measures imposed by the Government and the EU/IMF. By the time the law was passed, riot police were ordered to evacuate Syntagma Square. What followed was a violent attack by the riot police on the protesters, accompanied by an extensive use of teargas. The combination of these two elements of authoritarian rule indicates that the country is entering a stage of overt political crisis.
The vast majority of the Greek people has now realised that the Memorandum was neither inevitable nor necessary and most importantly that alternative political solutions for exiting this structural crisis still exist both at the European and national level, solutions that deal with the crisis without destroying the basis of social cohesion. Evidently, the Greek government has reached the limits of its democratic legitimation, and it is now unable to continue blackmailing the electorate with false dilemmas such as “either we vote for the Medium-Term Strategy or we go bankrupt”. That is why it is resorting to violence in order to quell social upheaval and is bypassing Parliament in order to evade democratic deliberation on the new austerity measures. Trapped in a dead end, Prime Minister Georgios Papandreou made spasmodic attempts at reversing the negative climate. These included an unsuccessful appeal to the right-wing opposition to form a coalition government, a government reshuffle of no real importance and a couple of suggestions to hold a referendum in the fall to appease the ever growing social discontent. With all of this, Greek society is challenged to prevent the transformation of this particular political crisis into a wholesale crisis of the democratic regime.

**Government policies without economic efficiency, social justice or future perspective**

Both the Medium-Term Strategy and its implementation measures received a marginal parliamentary vote on the grounds that they were absolutely necessary, since they would secure the application of the IMF/EU bailout plan and thus prevent the country from defaulting. However harsh the new austerity package will be, one thing is certain: Memorandum policies, whatever form they assume, will not tackle the initial problem – the public debt crisis. A closer look at the statistics proves this point. Despite large cutbacks in salaries and pensions in 2010, inflation remained at 4.7% with the initial prediction being at 1.9%! The first version of the Memorandum predicted that the required fiscal measures for the bailout amount to 9.65 billion Euros. The 2011 budget added 3 billion Euros to this, only to revise it in the middle of the current fiscal year to 6.7 billion.

Setting the Memorandum’s false promises aside, one has to focus on the political logic lying behind the new measures. The latter’s primal aim is to cut the public deficit from 10.5% of GDP down to 1% in 2015. This fiscal adjustment will be achieved, according to the plan, by reducing public expenditures rather than increasing public revenues. In 2015 public revenues are expected to be 43% of GDP, from 38% in 2009, and public expenditures at 44%, from 54% in 2009. Taking into account that 9% of the latter goes to interest rates, then net public expenditures are at around 35%, partly verifying the IMF sce-
nario, which predicted a level of Greek public expenditures around 30% in 2020. However, this level of public expenditures blocks any developmental perspective and excludes the prospects for establishing a modern European-style welfare state.

On the other hand, it is noteworthy how little attention is paid to the issue of public revenues. The issue of tax evasion is a striking illustration of this. The Medium-Term Programme, for instance, does not contain any provisions dealing with tax evasion for 2011 and 2012, while those for 2013 are much less than expected. Only 3 billion Euros are allocated to combat it, while the real level of tax evasion is estimated at approximately 12 billion annually. In a similar vein, the programme provides only 1.3 billion Euros to deal with contribution evasion in social security financing, when the shortfall is estimated at 9 billion annually.

Overall, we see a tax policy that promotes social injustice and further aggravates the existing social inequalities. Directed mainly at indirect taxation, the adopted tax policy protects large enterprises and shifts the burden onto the shoulders of the middle classes and wage workers, thus enlarging the class of “working poor”. The direct/indirect taxation ratio, being 42-58% in 2004, rose to a skyrocketing 40-60%, a ratio unique in Europe. On the contrary, capital tax has been reduced from 40% to 20% and is expected to fall to 15%, even though many studies have demonstrated no direct relation between the decline of capital tax and the increase of private investment.

The most impressive fact, however, is that even if all the measures instituted by the Medium-Term Programme were applied to the letter, their main goal would still remain unreached. Greece’s public debt is expected to climb from 127% of GDP in 2009 to 160% in 2015 – or 140% on the proviso that the sell-off of public utilities is successful.

Welfare and social justice: two species threatened with extinction

Inside Memorandum’s Greece, one can observe two main tendencies in terms of social policy. On the one hand, poverty and deprivation are blossoming, with the former increasing by 5% in the 2009-2010 period, as a result of the “fiscal adjustment” promoted by government policies. On the other hand, we witness the novel phenomenon of “jobless development”. The unemployment rate climbed, according to official statistics, to 28% in 2011. This is a clear indication that any attempt at recovery in the context of Memorandum’s policies excludes rather than promotes employment, driving the most dynamic strata of the population to the social margins. Another victim is the welfare state, since the instituted policies aim at the commodification of the health and social-security services. Not only is the welfare state con-
demned to fiscal strangulation, but also its policies are gradually substituted by a bipolar model including on the one pole “philanthropic” and on the other market institutions.

One third of the total “fiscal adjustment” is to be achieved by a 9.3 billion Euro reduction in health and social security expenditures – nothing more but an ominous confirmation of the above mentioned developments. In this respect, the public pillar of the welfare system, without adequate financing, will offer second-rate means-tested services to those in need, the poor and socially excluded. The inadequate public provision will leave room for the development of a market pillar that will gradually substitute public services in the provision of health and social security.

Another aspect of welfare state retrenchment is the employment policies promoted by the Memorandum. To no one’s surprise, the top priority of the instituted measures is the deregulation of employment relations. The new golden standard is the substitution of full-time labour contracts with part-time ones that promote further flexible modes of employment. This “flexicurity” model, imposed first on the private sector, is being hailed as a paradigm for the public sector as well, and its proliferation is just a matter of time.

The systematic deregulation of public goods

At the core of the policies pursued by the Memorandum and its concomitant measures lies the issue of the privatisation of public utilities and their respective infrastructures, together with the selling of public property. As we have mentioned above, these measures do not contribute in any way to the public debt problem, rather they endanger social cohesion. International experience demonstrates that privatisations coupled with an opening of the markets leads to social and peripheral inequalities and excludes large segments of the population from accessing elementary goods, such as electricity and water. Moreover, this combination enhances monopoly practices, marking a transition from national public monopolies to transnational private monopolies. Additionally, this general sell-off of public utilities creates a mechanism of wealth redistribution, since the yielded revenues usually end up in the hands of private investors, instead of enriching state budgets. Through privatisation the latter lose certain important revenues, especially if the utility under sale is profitable, while extensive lay-offs can be proved counter-productive, since they have a negative impact on taxation and on social-security contributions.

Apart from public utilities, Memorandum policies deal a severe blow to the “core” public sector. The 30% target of public expenditures corresponds to the 1960s, when there was no democracy, and the state budget was rudimen-
tary and did not correspond to the needs of a modern European state. Gradual degradation of the “core” public sector is pursued through a series of policies, namely mass layoffs of civil servants, the introduction of flexible modes of employment and the freezing of recruitment rates. Evidently, the measures are attacking labour rights in the public sector without adopting any measures towards bureaucratic rationalisation. The Middle-Term Programme points to a reduction of civil servants from 770,000, a number documented for 2010, and is at the EU average, 620,000, at best, in 2015. This means that there will be massive layoffs, through the Trojan horse of the reserve army of labour. We are thus heading towards an under-populated and under-financed public sector, unable to deliver quality services. These inadequacies will be confronted by a massive outsourcing of state services to the private sector, and as a result citizens will be transformed into customers without rights.

The model of cheap, fast-track development

Much ink has been spilled over the possibility of a new model of development as the solution to the Greek debt crisis. It is worth examining the terms by which Memorandum’s policies conceptualise this particular issue. Drawing on the Medium-Term’s macroeconomic predictions, one can assume that the main political aim is to reduce the 2015 GDP to the level of 2007! The fact that in the 2010-2015 period economic development is expected to be near zero, confirms the hypothesis that the Greek recession is a conscious political choice in the context of a permanent “internal devaluation” strategy. Given the global environment of economic instability, the attempt to get back on track through a boost in exports is doomed to fail. Noticeable also is the government’s incapacity effectively to mobilise the only available resource to fund the real economy: the National Strategic Reference Framework (NSRF). Clogged with clientele networks, government bureaucracy proved inadequate efficiently to allocate the NSRF’s European funds and is now asking for technical support from EU experts.

At this point an important question arises. What is the authentic developmental choice that the government and the Troika are opting for? The answer lies in “fast-track” development. It all started in 2009 when the Parliament passed a bill now known as “Fast-Track Priority Licensing for Investors”. This new law accelerates the licensing procedure for investments and is mainly directed at energy, tourism, industry and advanced technologies. It goes without saying that the flexible criteria governing this licensing are running up against fundamental constitutional provisions which safeguard the environment. Moreover, they bypass all the institutional procedures which the pub-
lic sector employs to assess investment projects.

The “Fast-Track” Law paves the way for investors to break the rules of spatial and urban planning and to skip all the institutional controls in order to maximise their profits, without bothering about the social repercussions of their investment projects. In this respect, it is no accident that the Medium-Term Programme, apart from being a gargantuan programme of privatisations, stipulates a detailed plan for the sell-off of public land using methods such as long-term leaseholds of surface rights in public lands, including large parts of the coastal line. Another provision of the same plan offers a very low tax regime for large investments under “fast-track”, transforming Greece into a potential tax haven. This transformation is not a simple reaction to the current crisis, but a structural element of this novel type of “fast track” development. It goes without saying that this novel developmental strategy is not free of past political sins. The Public Property Exploitation Fund (PPEF), for instance, was created based on the consensus in the two larger political parties, Pasok and N.D under the auspices of LAOS, a small far-right political party. It is clear that PPEF, the steam-engine of the novel developmental strategy, is controlled by an intra-party consensus in order for the clientele allegiances between the political parties and private interests to remain intact.

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The current situation in the Czech Republic is quite tense. Once again, twenty years after the so-called Velvet Revolution, citizens are asked to “tighten their belts” – however, this time not with the perspective that better times are coming, but that they are definitively behind them. The current government of Petr Nečas applies extremely neoliberal policies that have in any case been present since the 1990s.

The 1990s began with the hope for a better life, higher living standards, the opportunity to travel, freedom of expression, etc. On the economic level, the discussion of “what to do”, how to reform the backward economy, was quite limited. First, there was the international climate that favoured the Washington Consensus as the only correct path to take. Although its implementation was not as extreme as, for example, in Russia, it definitely influenced Czech economic policy. Second, the main figure associated with the reforms of the 1990s was Václav Klaus, the current president and a charismatic person who seemed to know what to do; his self-confidence, sometimes hard to distinguish from arrogance, was almost predestined to lead the nation to “a better tomorrow”. At that time, people truly believed that the Western countries were coming to help, and not to flood the market with junk goods that would be unsellable elsewhere; they truly believed that tightening their belts for a few years would enable the Czech Republic (until 1993 Czechoslovakia) to catch up with Germany; and they truly believed in the virtues of the market economy without adjectives, as Klaus used to call the economic model he

Reforms in the Czech Republic – Towards Social Darwinism

Ilona Švihlíková
wanted to introduce.

The reforms at the beginning of the 1990s led to a rapid and extreme redistribution of wealth. An utterance that probably best illustrates this era that “gave birth” to a new class of “entrepreneurs” was Klaus’s claim that he did not know what dirty money was. This practically opened the way for processes that would be illegal in civilised countries; however, economists in the Czech Republic claimed that if the reforms were to be successful (which at that time simply meant fast) the economists must be quicker than the jurists. Privatisation by vouchers, a very unusual method indeed, was first viewed as a specific path to people's capitalism, where every citizen is a shareholder. From the start, the information gap, between the public and those who knew the real situation of enterprises that were to be privatised, and later the emergence of private investment funds fully showed how naive this approach was.

Soon it was obvious that privatisation through vouchers led to the opposite of what was promised. A well-known economist and harsh opponent of Václav Klaus, Miloš Pick (Pick, 42) put it directly: “What even I did not expect was that the administration and control of this property, separated from minority owners, would get concentrated so fast and in such an extreme way. The five biggest banks and an insurance company and fourteen companies, mostly their investment companies, control more than 40% of shares from the first round of privatisation by vouchers and about 80% of bank credits. It is a new pyramid of concentrated economic power, of managers, of members of boards of directors – amounting to very few economic subjects. About 500 families now control the economy, without owning it. In fact, it is a new “economic politburo”, never voted by dispersed owners and hardly ever recalled by them. Extreme concentration of economic power extremely separated from extremely dispersed owners – this is the result of the privatisation by vouchers”.

Later, the social-democratic opposition would call this privatisation by vouchers “the theft of the century”, emphasising that many enterprises were privatised (and many closed), while the banks remained in state hands, accumulating bad loans, since the decision of which companies were granted loans was based more on political than on economic criteria.

The fast and furious reforms affected the Czech and the Slovak part of the Republic in different ways. The Czech part had much better starting conditions, while the Slovak part faced higher unemployment and more structural weaknesses. It should be noted that the dependence of the Slovak part on the Czech reached record levels in the 1980s when ca. 8% of Czech national income was redistributed to Slovakia. Election results in 1992 showed major differences among the two populations: the Czech part favouring Václav Klaus and his reforms, and the Slovak part preferring more nationalist policies and different types of reforms. In the end, it was agreed to divide Czechoslovakia.
There were also further disasters in the offing. One of the most important decisions was the setting of the exchange rate. The IMF “recommended” deep devaluations. These steps gave the (not yet modernised) enterprises the benefit of a “price cushion”, but also showed the direction for the Czech Republic – price competition. The Czech companies withdrew from the Eastern as well as Latin American markets, for example, and oriented themselves strictly to Western Europe, where – to their own surprise – they were not particularly welcome as they were not a part of the transnational nets. The export structure, traditionally machine oriented, changed to primary products (wood, kaolin) and labour intensive production. The Czech Republic fell far down on the ladder of the international division of labour and started to compete with developing countries. Later, this strategy led to deep trade and current account deficits that culminated in a financial crisis in 1997, when the fixed exchange rate of the Czech crown had to be terminated.

In the second half of the 1990s it was obvious that the series of neoliberal reforms did not bring a better life to most of the population and for the first time the popularity of Václav Klaus (at that time Prime Minister) started to sink. Unbelievably, the governing elite refused to admit its mistakes, instead claiming that the reforms mostly ended successfully. When the inner imbalance (of supply and demand) became unacceptable, the right-wing economists had a ready reply: most of the people lived beyond their means, and they announced a second wave of belt tightening, trying to repeat the “shock therapy” of the early 1990s. However, at that time people began to be angry when they learned how much state property got privatised in a very peculiar way and “vanished”, and in 1998 the opposition party – the social-democrats – received their largest vote up to that time. They were able, after difficult political negotiations, to create a minority government.

The minority social-democratic government faced an unfavourable economic situation from many points of view. The privatisation process had created a new class of wealthy “entrepreneurs” who have been extremely hostile towards everything “social”. Then there was the media, mostly consisting of former communists and young communists (svazák), by now on the “right” side. This situation prevails up to the present day. If it were not for the internet, it would be almost impossible to get information on the trade unions, etc. The whole media scene is in the “right” hands (for example, the billionaire Bakala, in which instance even the Court acknowledged that it may be admissible to call him a bastard). The so-called public media is only so-called, as according to various polls about 90% of the journalists claim to be right-wing (and demonstrate this amply in all TV and radio programmes). Moreover, there was a difficult economic situation characterised by an unprivatised banking sector burdened with bad loans, traditional companies in bankrupt-
cy, a rising rate of unemployment and bad results in international trade.

The social-democrats followed a traditional redistribution path, but had to decide what to do with Czech industry. Their reasoning was that the only solution was to attract foreign capital to the country. First, in so doing they would at least partly stop the formation of the new class of “Czech oligarchs”, and, second, modernisation was deeply needed. Within the same logic, it was the social-democratic government that privatised banks (a step the right-wing governments were afraid to take). A deep banking crisis, with many bankruptcies and bank runs led to the current situation, in which there is almost no Czech bank left. The dependence on foreign capital thus grew in every sector. Zeman’s social-democratic government introduced a complex export promotion and investment policy, with new and strengthened institutions. As unemployment reached 10%, foreign investment in assembly-line plants were given preference because such plants can create many jobs.

Although it seemed quite improbable at the beginning, Zeman’s government actually managed to govern for four years, and even more surprisingly the social-democrats won the elections in 2002 again. Their coalition government was very unstable (with three changes of Prime Minister); however, the economic situation began to brighten. In 2004 the Czech Republic joined the EU, and since 2005 it has had a positive balance of trade, a very important factor of growth for the traditionally very open, small economy. However, it must be remembered that the social-democrats at that time fully accepted Tony Blair’s and Gerhard Schröder’s “Third way” and tried to “modernise” the welfare state. Probably their crucial mistake was the policy of decreasing corporate taxes, which was the policy recommended to the Finance Minister by the neoliberal economists he kept in his team. The rising deficits and consequent indebtedness of the country was the main critical target of the right-wing opposition parties.

They were expected to win the next election, but a perfect stalemate in the 2006 elections complicated matters. There are 200 deputies in the Chamber of Deputies. There were 100 for the left (social democrats, communists), and 100 for the “right” (including the Greens – it was their first and probably last entry into the Chamber of Deputies; quite strikingly Greens in the Czech Republic have a strictly right-wing orientation). The negotiations continued without resolution, but at the beginning of 2007 the interim Prime Minister Mirek Topolánek announced that he got the support of (read: he corrupted) two deputies from the social-democrats and thus obtained a majority.

The “achievements” of Topolánek’s government are of three types:

- support for the American missile base on Czech soil;
- neoliberal reforms that even Václav Klaus did not dare to introduce;
- a new type of political “culture”
Paradoxically, the plan to build an American missile base brought something good. After many years of the almost complete passivity of Czech citizens, an issue appeared that was able to create the most successful civic movement up to now – Ne Základnám (No Bases Initiative). The relentless resistance of this movement to all media manipulation has been admirable. The Czech media were furious that something like a spontaneous movement—without (their) “right” control—could emerge. The representatives of this movement were regularly accused of being Russian agents, naïve children or fanatic communists. The media campaign was incredible (representatives of Ne Základnám could not appear on TV), but whatever the media did to support the project (the female Defence Minister went to the lengths of singing a kitschy song to support the Americans), about 70% of the population were steadily against the base. Perhaps the most surprising thing was that the Green Party, whose equivalents elsewhere in Europe are linked to pacifist movements, supported the bases. However, this was also the issue that in the end caused the party to break up, as two Green coalition deputies later turned against the government.

Topolánek did not have the overwhelming support of the current Czech government; nevertheless he was able to introduce some “reforms” that brought deep changes not only to the Czech economy, but also to the whole society.

Topolánek’s reforms followed the neoliberal thinking that the state should be as small as possible, with everyone minding their own business and not bothering the state with illnesses, injuries, aging, etc.

In this logic, the government increased the VAT and decreased corporative taxes (again!). However, the flagship of all reforms was the introduction of the flat tax. The tax had a clearly regressive nature and of course the richest profited greatly from it. Another step was the healthcare reform, inspired by the American system. Topolánek’s government did not have the strength to achieve everything it intended; it “only” introduced fees at the doctor’s office. The main argument was that pensioners go to the doctor too often and overuse the care that must for this reason be regulated.

However, these fees have had a major impact on the whole of society. The fees represented a milestone in the new notion of what public service is, as people were used to getting all these services for free. Especially the young generation, born after 1989, acquired the attitude that it was normal to pay cash for public services if you wanted to have “quality”.

The reaction to the financial and economic crisis was very specific. Firstly, the Czech government refused to acknowledge that there was such a thing as crisis. When they did, they denied that it would reach the CR. The Finance Minister and later founder of an extreme right party TOP09, Miroslav
Kalousek stated: “I repeat: there will be no crisis in the CR. Economic growth will be slower. Despite all problems, the CR will grow”.

The tragedy was that he not only probably thought so, he also set the budget for 2009 based on this conviction, and projected a growth of more than 4%, while the reality was a more than 4% drop in GDP. No wonder he “managed” to run up the biggest deficit in modern Czech history. However, he had the unique opportunity to point to the crisis in order to excuse his catastrophic economic management.

The new political culture had numerous features. One of them was the enormous arrogance of the government, which despite the way it arose with its very weak “majority” refused to negotiate with the opposition and showed utter disregard for its social partners, e.g. the trade unions.

Hardcore right-wing rhetoric occupied the media, where everything social was considered to be communist and a curse-word. The rhetoric was not only extremely right-wing, but Prime Minister Topolánek, in particular, repeatedly showed his propensity for Nazi terminology. When his party achieved power, he promised a “night of the long knives”. When he was kicking a journalist, he announced (in German) “es kommt der Tag”. He also said that the election promises of the social-democrats were an “Auschwitz lie”. On the international scene he achieved fame when photographed naked in Berlusconi’s villa.

All this being said, it was not surprising that the perspective of the coalition parties on the eve of the 2010 elections was quite gloomy. In all the polls, the social democrats were predicted to be the clear winners. However, then came the Greek crisis. The right-wing parties, together with newly established ones: TOP09 led by Finance Minister Kalousek (the extreme right party) and Věci Veřejné (Public Matters, led by the journalist Radek John) grabbed their unique opportunity. The Greek crisis and especially the topic of debt and of state bankruptcy garnered major attention and simply dominated the political agenda. No political discussion on TV could do without the Greek topic and its implications for the CR. The right-wing parties used the traditional area of competence of the social-democrats, the welfare state, as the symbol of their attack, saying that such profligacy will lead us inevitably to end up like Greece. Unfortunately, the social-democrats were absolutely unable to react to this agenda and instead of arguing that the CR’s debt is among the lowest in the whole EU, they flooded the country with idiotic vapid orange billboards in American campaign style.

The results of the 2010 election came as a shock to almost everybody. Although the social-democrats won, it was a truly Pyrrhic victory; the rightist parties were able to build a very strong government – their overwhelming majority brought them 118 deputies in the Chamber of Deputies. Right from the
start, the government of Petr Nečas announced “necessary austerity reforms”, for which, as they claim, they have a strong mandate from their voters.

It is significant for the Czech political scene that every four years a party of “new, modern politicians” appears and claims to be different from the old, corrupted establishment. Although there has been much experience with this phenomenon Czech voters seem willing to “try their luck” again and again. The Greens were such newcomers, but after their acceptance of the missile base, the disillusionment with them grew strong. Thus, they failed in the election of 2010. Instead, a new party – if it may be called that – appeared and was the surprise of the election. Věci veřejné (Public Matters) built their campaign on the fight against corruption. For this they engaged a former journalist, well known from various TV investigatory programmes as a “party” leader. The party also gained popularity because of its criticism of the old established parties – just like its predecessors. However, not much attention was paid to the fact that the party was financed by a security agency and organised civic patrols to get the homeless and other “unwelcome” people out of parks and out of public view. Some political scientists warned that Věci veřejné could not be considered a party, being more a conglomeration of very different kinds of people connected to entrepreneur interests and procurement contracts.

The traditional Christian Party lost support and for the first time in its long history became a non-parliamentary party. Instead, a new party, founded by Miroslav Kalousek, the disastrous finance minister, gained major support especially among young people. The party was (and partly still is) viewed as “cool” and different. The only formal leader is an aristocrat Karel Schwarzenberg. It is difficult to stay if he received support due to his noble origin or by his willingness to fall asleep during all negotiations, no matter how important. Kalousek spoke from the start with unbelievable arrogance of the need to decrease the state deficits and so also the public debt. He made his party into a section of the Christian right and made drastic reforms and total abolition of the welfare state (which, so he claimed, “we cannot afford”) his main issue. As a part of his campaign he even sent a cheque to every Czech citizen to pay his part of the debt. Many pensioners were so shocked when opening the envelope that they had to be brought to hospital.

TOP09 gained particular fame from its association with a video in which young people (famous young actors) persuade their peers to visit their grandparents – depicted as communist-voting benefit scroungers – and “explain” to them that they should vote for the right or else they (their grandchildren) won’t visit them anymore. Although the video provoked widespread disgust, young people found it “cool” and, also attracted by the funny aristocrat who doesn’t care if he falls asleep and speaks such amusing Czech,
voted massively for the party with the strange name of TOP09.

These two new “parties” decided the elections since they claimed to build the coalition with the party that finished second – the Civic Democrats (the party founded at the beginning of the 1990s by Václav Klaus) – and thus obtained the above-mentioned overwhelming right-wing majority. Petr Nečas, whose name very appropriately translates as “bad weather”, became the Prime Minister.

The social-democrats and communists had to stay in opposition.

The coalition negotiations were very quick and in practically no time the most right-wing government imaginable was established. It made clear from the start what its priorities were, calling itself “The Government of Budget Responsibility” and “The Government of the Fight against Corruption”.

The government explicitly declared that its main aim was to carry out deep, structural reforms with many irreversible features, or ones that will be very expensive to reverse. The Government Declaration states that the Czech Republic must increase its competitiveness or it will end belonging to a group of countries that are unable to solve their own problems (meaning here the involvement of the IMF as the so-called threat of last resort). Also, we learn that wealth comes from the entrepreneur sector of the economy. The government begins with the need to apply austerity measures so that the Czech Republic will not end up like Greece (a motif of the election campaign). Interestingly, emphasis is placed only on the expenditure side of the budget and there is no mention of an effort to recoup the tax revenues lost through the abolition of progressive taxation. The government announces that it will cut social benefits, even abolish them in many cases and privatise lucrative sectors of public services – specifically, pension reform is prioritised.

The government also planned serious changes in the Labour Code, weakening the power of trade unions and of employees as a whole and benefiting mostly the self-employed.

In what follows I would like to analyse the concrete steps that have been already taken or are being prepared, but also the reaction from civil society.

After the shock of the election, the left parties were paralysed. Especially the social-democrats needed several months to understand what their Pyrrhic victory meant – for them, for the society. If something positive came with the government of Petr Nečas, it was the activation of the trade unions and especially of the civil society that had been dormant for almost twenty years, with some short exceptions. Many new movements, civic organisations and initiatives have been established. Such activity is unprecedented and means that something indeed is changing in Czech society. Just before the elections, a civic community initiative Alternativa zdola (Alternative From Below) came into being. As a direct reaction to the government policies, the initiative
Proalt (For Alternatives, against the cuts) was established. Since that time many others entered the scene and now there are efforts to coordinate better demonstrations and events and cooperate more closely with the trade unions.

In sum, the government plans to undertake serious reforms in:

- the tax system
- public administration
- the pension scheme
- healthcare
- tertiary education

The government got down to the austerity measures right away. One of its first steps was to carry out collective lay-offs in the public sector, along with at least a 10% cut in salaries. This measure activated the trade unions, which organised the biggest demonstration in many, many years, with more than 40,000 members, including policemen and firemen taking part. However, the government uses the same mantra when it encounters dissatisfaction and resistance to its policies:

- We have a mandate from the voters to carry out all necessary austerity measures.
- No matter what happens, the reforms are “the ultimate good” and must be enacted, otherwise we will end up like Greece (although the public deficit in the Czech Republic is about 40% and is among the lowest in the whole EU).

The government of Mirek Topolánek has already done serious damage to political culture in the Czech Republic, but Nečas´ government has managed to go even further. Nečas shocked us again when he named Roman Joch one of his advisors for human rights. Joch is a bizarre political figure who openly speaks, for example, of torture as necessary in the name of democracy, who finds it quite acceptable to shoot at demonstrators, who believes gentlemen (and he considers himself to be one) may have slaves if they like and that universal suffrage is actually a very dangerous tool and should be abolished. Regarding the revolutions in Arab countries, he made “wise” recommendations that such undeveloped countries simply cannot have democracy and it would be best if they had a rightist authoritarian regime (which the US should arrange). He also praises the traditional family and assigns women the task of giving birth to at least two children, as a condition of her getting the right to vote. With Roman Joch, fascist tendencies that were already visible in Topolánek burst forth from the society and not only get public and media attention but also enter the mainstream – not as things that are impossible in a civilised country, but as opinions that are part of mainstream rightist tendencies.
Ever since, there have been articles and discussions on the Internet, but also in the rightist printed media, criticising universal suffrage because it gives the a poor man (it is of course his own fault that he is poor, because he is lazy and does not want to work) the same vote as a rich man. Almost every day, there are proposals to abolish universal suffrage and to base suffrage on wealth, or to grant the right to vote only to those who pay taxes or are employed. Hatred for the poorest – the Roma, the homeless or unemployed – is being used systematically as a tool of government policy. These groups are, according to the government, responsible for our economic problems (not the rich, who transfer their profits to tax havens, for example). No wonder that proposals to deport the homeless out of the towns (Prague especially) to special “camps” have appeared. What is worse, much of the middle class would welcome such measures. The government also enacted reforms of social benefits to prevent their misuse. The conditions for getting unemployment benefits had already been one of the strictest in the EU. Now the government came up with the idea of granting benefits in the form of vouchers (to prevent spending these on alcohol or gambling) and of compulsory public work. All these measures are aimed at further stigmatising those who are in social need. Because these groups are dependent on state benefits, they are considered the guilty party.

Although the coalition parties were mostly voted by the young voters, it came as an unpleasant surprise to them when the coalition started introducing reforms of tertiary education. School fees were one of the most important elements. This demonstrated again how many voters, especially the youth, had no idea of party programmes, did not read them, just knew that Schwarzenberg was a “cool guy” and the reforms are necessary. However, the reforms are necessary as long as they do not adversely affect these young voters. The same students that voted for TOP09 were fiercely opposed to school fees, because it would hit them directly. The tertiary education reforms comprise much more than just school fees. The reform bill openly states that the universities should cooperate more with business and that research and development is valuable but should be supported only if it helps private business. Universities should be also managed like private companies.

Besides collective lay-offs, the changes in public administration lead to a further privatisation of public services. One of the best examples is the reform of Bureaus of Labour. These bureaus will be closed down and centralised in regions. The official explanation is that it will save some money, but the main reason is that private job agencies are to be given more of a role.

In healthcare, the coalition’s model is the American system. In its programme TOP09 foresaw a constant increase in fees paid by individuals, thus less and less care based on public funds. One of the main steps of the reforms
should be the definition of “standard” care that will be paid from the public healthcare funds, while all other services should be paid with cash. With this go further steps, such as decreasing the number of hospital beds, dramatically increasing the payment for patients with long-lasting illnesses, the reasoning being that old people misuse healthcare. Fees paid directly to doctors, mainly specialists, are to increase almost sevenfold! Significantly again, the government seeks to get the funds from the poorest people in the society, from the old and ill. It does not target the pharmaceutical lobby and the drug policy that makes the Czech Republic a bonanza for these rich and influential companies. On the other hand, more and more medicine will be paid cash.

The pension and fiscal reform are closely connected. At first the government’s idea was simply to order citizens to save money in private funds. This was too much even for some influential right-wing journalists and economists who stood up against this proposal. Although it is a crucial reform, the government, after first announcing the concept with great fanfare, then changed it about five times a week, which further eroded support for the measures. According to the latest version, people above 35 may choose to save money in privately owned funds. However, because of costs (decrease in social contributions), the government “simply had to” increase the VAT. And, because the increase in VAT will also make medicine and all healthcare equipment more expensive, the fees will have to be increased again and less and less care will be covered by the universal healthcare insurance. It is a perfect vicious circle, and the government can argue: we have to proceed that way; you see that there is no money in the system.

The government is repeatedly pursuing the same policy: it practices austerity by cutting revenues directed to specific spheres and then claims that there is not enough money in the system; therefore it must be privatised, because private subjects are always better than the state.

The growing dissatisfaction in the society – the latest polls show the government has the trust of only about 20% of citizens – is not only over austerity. There is another issue:

It is the government’s second main issue, especially of the Věci veřejné party: the fight against corruption. This is the way the fight looks: At the end of the year, an official made public an attempt by the Minister of the Environment (Civic Party) to enrich himself and the party from a procurement amounting to 500 million crowns! A sum that far exceeds unemployment benefits. However, it was not the minister but the official who was publicly called a “traitor”, a “bastard”, etc. – because he in fact made public an instance of high-level corruption. The minister indeed had to leave, but he was given the job of “ideological party leader”. Since then there has been almost a scandal a day. Every day citizens learn of corruption, of secret recordings compro-
mising different ministers and deputies. None of these are properly investigated by the police, which mostly comes to the conclusion that the proof is insufficient. Or, even worse, there is strong political pressure on the judiciary to investigate certain affairs as a favour to someone. The occurrences are so frequent that even the journalists are not able to follow them. Many political scientists talk of mafia relations in the Czech Republic with the government as the “capo di tutti capi”.

Some of the ministers acknowledge that the scandals are “a bit of a problem”, but that the reforms are so important that it is necessary to go on, despite all tensions in the coalition.

On the one hand, many people are still very passive and resigned. Privatism is widespread in the CR. Some people still try not to see the reality and escape into silly TV programmes or to their weekend homes. But, step by step, the anger in the society is growing. A famous political scientist, Prof. Dvořáková warned that people are getting very angry and radicalised and ready to go into streets. In her opinion, the government is using practices that can no longer be called politics but are mafia activities.

Recently, the trade unions organised a demonstration with the participation of about 48,000 people. Harsh words were directed at the government – there was even talk of general strike and of civil disobedience. The government was shocked, reacting with some right-wing deputies speaking of fascism in the trade unions (and extreme right journalists began writing of the need to prohibit the trade unions). The “nobleman” minister Schwarzenberg said that everyone should shut up and not make the already complicated situation worse. However, it is highly unlikely that society will listen to the “aristocrat”. There is a battle going on in the Czech Republic. It is a battle not only against austerity measures, against the corrupt government. It is a fight for basic civil rights, a fight against fascist tendencies in the society, and a fight for a true democracy.

Sources
“Writing” (poster draft, 1985)
The Peculiarities of the Greek Crisis: Democracy, Protest and Contention in Syntagma Square

Giorgos Tsiridis and Dimitris Papanikolopoulos

This article attempts to illustrate the particularities of the Greek movement organised against the austerity measures, imposed by the government under the auspices of the EU and the IMF. Apart from its economic demands, the movement calls for a more just political system in the direction of direct democracy. In order to better situate its sources one has to focus on certain socio-economic features particular to the Greek polity in the wider comparative context of Southern Europe.

Economy and democracy in the south – a reverse historical trajectory.

It is widely claimed that Greece, Spain and Portugal (and often Italy) followed similar historical paths, especially during the post-war years. Greece, Spain and Portugal, with their transition to democratic politics during the 1970s, placed themselves in what Samuel P. Huntington called the “third wave of democratisation”. The comparison of their historical trajectories over the past decades illustrates numerous similarities at the political, social and economic level. One striking similarity includes their consecutive transition to democratic rule taking place in the mid-1970s. Although each one of them followed a distinct path to democracy, they followed, on the other hand, a similar path to EU accession. Another common trait is the timing of their transition from an agricultural to an industrial economy (see tables below).
Indeed, Southern European countries experienced a remarkable boost in their manufacturing sector. However, this progress has been often characterised as a case of “industrialisation without development”, since the European south lacked the infrastructure efficiently to exploit the social benefits of urbanisation and of economic modernisation.

What really made the economic reality of the European south different was the nature as well as the timing of this dramatic change itself. Greece, Spain and Portugal wittingly linked their transition to democracy with their transition to a modern economy. The highly anticipated European integration had a double effect on the countries of the south: On the one hand, it directly connected national institutions to European ones, constituting political interdependence as a fact. On the other hand, the lagging economies of Southern Europe had rapidly to adjust their standards to those of their Northern counterparts. What is more, this had to take place during a time of permanent austerity. The oil crisis of 1973-1974 shook the foundations of the most robust economies worldwide. Consequently, whereas most of Europe combined economic development with democracy during the fading Golden era, Greece, Portugal and Spain tried to attach economic development to democracy only when the tides of the European economy were already turning.
In the case of Greece, the causes of the ongoing financial crisis stemmed from both endogenous and exogenous factors. We will here focus mainly on the former ones. The primary sector was gradually scorned, abandoning the country’s comparative advantage in agricultural production. The Greek state abandoned its original regulatory role in agriculture when it was most needed. That is, when previously preferential markets ceased to absorb agricultural production and new ones were increasingly emerging as strong competitors. The oldest part of the Greek populace was, therefore, left alone to face international competition and the regulations of the Common Agricultural Policy, which proved to be ruinous for the rural part of the country. As a result, the primary sector suffered a real catastrophe and was gradually economically marginalised. These events were never even subjected to public debate. However, the balance between imports and exports of agricultural goods has been showing a deficit ever since.

The industrial sector also quickly declined, especially after the collapse of the East Bloc and the consequent opening of the borders. Hundreds of industries moved to Balkan countries and Turkey in a quest for cheap labour.
In this respect, while the country’s production base was shrinking rapidly and everyone was wondering “what does this country produce, anyway?” governments kept watching the Greek economy lean heavily towards the tertiary sector. As an economic entity, the formerly small state now grew rapidly, and so did social expenditures. This brought about a series of loans that had to be taken out in order for the country to continue its specious developmental policy. At the same time, tax evasion was becoming the political prize of the elections that were typically decided by the so called “politics of the centre”.

Consequently, for over thirty years, Greek administrations could not justify their controversial economic policies in the eyes of their electors. That is why they had to rely on clientelism, which in turn increased the need for public borrowing and favoured maladministration practices in the public sector. Therefore, the historical roots of nepotism and corruption in Greece should not be sought back in the pre-capitalist state, or the Ottoman past of the country alone. On the contrary, they were necessary by-products of a perverse capitalist model of development that occurred in this particular corner of the planet. That is not to argue, however, that this particular model has implicitly benefited large strata of the Greek people in any way. On the contrary, certain rather dubious businessmen and civil servants made fortunes at the expense of the great majority of Greek citizens. Nevertheless, this very majority relied for years on governments that succeeded in producing false data on the capacity of the Greek economy. The subsequent sense of overall prosperity proved to be totally illusive, but not before a dramatic increase of private borrowing had already occurred. The Athens Olympic Games in 2004 were considered by many to be the peak moment of the Greek developmental model, combining construction and tourism. Nevertheless, at the end of the day, the country was left with a huge debt and an artificial sense of accomplishment.

Nowadays Greece faces an economic and political challenge far more serious that that of its European fellow states. With a living standard which until recently ranked among the 30 highest in the world, Greeks are now experiencing its tragic decline. The country had been struggling for 50 years to achieve its social integration and finally managed to enjoy the benefits of a modern consumer society. Nonetheless, this took place only after the trente glorieuses and social democracy in Western Europe had come to an end. Greek society saw its GDP soaring by 60% since the 1990s, but this did not mean a corresponding rise of the living standard of the middle and lower social strata. It then became apparent to many Greeks that the cost of failure to act has, for quite a while now, surpassed the cost of social mobilisation. The 2010 austerity package made this crystal clear.
In addition to the unprecedented tax raid that targets, among others, annual incomes as low as 8,000-Euro and even unemployment benefits, Greeks are witnessing the sellout of virtually every national asset including water and electric utilities as well as numerous airports, ports and coastal stretches. Despite the extreme unpopularity of the measures, most Greeks would almost certainly be ready to accept them silently, if only they were convinced that these austerity measures could put the country back on its feet. Nevertheless, nobody seems convinced of this, since the deficit is still growing as the country stumbles into deeper recession. Once more Greece is seen as the world’s guinea pig within the global financial crisis.

Social upheaval and new forms of political protest before the crisis

Indeed, this is not the first time that recent social turmoil in Greece has attracted the attention of European and global media. Undeniably, Greek society seems to mobilise frequently enough compared to other European societies. A new generation of political protest emerged in 2005, when massive student movements were organised against the higher education reform and the amendment of article 16 of the Constitution – an attempted reform of the Greek universities along the lines of Bologna. The student movement accentuated the enormous constraints young Greeks had to face in their employment prospects. The movement made use of increasingly efficient mobilisation structures that ensured quick reflexes and political alertness, thus winning a small victory by blocking the planned constitutional reform. These events certainly established the efficacy of non-institutional forms of protests and most importantly put the country’s youth at the forefront of all political reactions that followed.

In 2008, in the face of the massive fires in Peloponnesus and the state’s outrageous ineffectiveness in controlling them, informal social channels flourished as the principal means of social mobilisation. Thousands of bloggers were calling in protest, testing their effectiveness for what was to come later, in December.

It all began with the unprovoked police shooting of 15-year-old Alexis Grigoropoulos. A spontaneous and also violent massive uprising, occurring within hours of the event, became a milestone of the new generation of political protest. For many weeks, the image of the state in the eyes of ordinary citizens was utterly discredited. The government, normally the source of all legitimacy, was itself delegitimised, dragging along the police as well as the obviously controlled media that tried to cover up the truth. The organised presence of both the parliamentary and extra-parliamentary left lent more energy to the angry movement.
All these events directly resulted in the formation of a tradition in social mobilisation, elements of which we recognise in the current “indignados” movement. That is to argue that the latest movement in Greece is not just a case of imitation of its Spanish counterpart, since it was more the endogenous conditions that shaped Greece’s current political reality. However, it is plausible that analogous stimuli exist in the Iberian Peninsula.

**Formal and informal political networks**

The countries of Southern Europe successfully consolidated their democratic systems more than 30 years ago. But while the available means of protest against unpopular policies correspond to those of the most developed democracies in the world, the problems confronting young people and workers are incomparably more severe. At the same time, the institutional channels through which political demands are transmitted are not functioning properly, if at all. That is why informal networks sought to substitute for them. It is all about a system being both “open” and “closed”, a condition which strongly favours the spread of social movements.

Today, Greek civil society possesses several organisational resources. The image of the left political parties in opposition remains intact, since they were not tarnished by participation in any previous administrations. What is more, various social movements and organisations have joined forces with informal networks of civil society demonstrating a phenomenal capacity for immediate mobilisation on virtually any public issue. In addition, the fact that 40% of the total population as well as the majority of businesses and universities are found in Athens, almost assuresthe massiveness of any mobilisation.

The ideological resources that Greek civil society has at its disposal are also rich. The arguments of both the left and that of the nationalists provide strong alternatives to the government’s rhetoric, which is expressed mainly by the increasingly discredited media.

Society’s lack of control of critical decisions made by the government due to the bypassing of parliament, the government’s adoption of policies directly opposed to the ones it announced before the elections and the curtailment of longstanding social rights had an immediate effect: the malfunction of formal institutional channels and the spreading of informal, non-institutional ones. Indeed, Southern Europe always differed from its Northern neighbours in that its civil society followed informal paths rather than completely organised, formal ones. It is necessary to bear this distinction in mind if one wants fully to grasp the notion of civil society. Formal civil society refers to autonomous, organised groups of people acting to promote and de-
fend their interests, including against the state, such as political parties or labour unions. On the other hand, the various scholarly definitions of civil society also leave room for informal aspects of civil society and stress the need of adopting a broader definition of the concept. As Mary Kaldor puts it, “civil society refers to active citizenship, to growing self-organisation outside formal political circles, and expanded space in which individuals can influence the conditions in which they live both directly and [indirectly] through political pressure.”

The movement in Syntagma Square

The Syntagma Square movement in Greece, like parallel ones in Spain, Portugal or even North Africa, can be understood as such enclaves of informal forces of civil society. However, while the Arab Spring enjoys the support of the Western media, this is not the case for the European movements in question. The factors cited above certainly facilitated the emergence and escalation of the Syntagma Square movement. But what was overwhelmingly irrational was the fact those responsible for the creation of the problem in the first place were now called upon to solve it. The word on the streets directly named a decayed political system staffed by incompetent, lying crooks. “If that’s the case, then what took the indignados so long?” is frequently the ironic criticism of the movement’s delay. However harsh this question may seem, the answer is of key importance: The majority of Greeks favoured neither standard forms of protest nor routine repertoires of action. In other words, the demonstrations traditionally organised by the left that often ended up with clashes between the police and part of the demonstrators (usually anarchists), and which have always been politically exploited by the government and the biased media, were far from attractive to the average Greek. Especially evident, after the shocking death of three citizens in a bank fire a year ago, was the search for peaceful forms of protest that would not spread to the whole of Athens, but concentrate on the Parliament district instead. Spain’s example pointed to the solution. “Quiet! You will wake up the Greeks” read a Spanish banner. And so the Greeks started meeting at Syntagma Square. The proclaimed peaceful and independent character of the demonstrations allowed the mass participation that the movement needed. For forty days and nights tens of thousands of citizens gathered at many squares of the country, while the numbers at Syntagma Square sometimes reached hundreds of thousands. Popular assemblies, debates and decision-making procedures gave life to a political reality that contrasts with that of representative democracy, that is, direct democracy. This notion became the predominant political demand. For the first time in years, supporters of the left and the right,
apolitical and politicised citizens, young and old, were talking individually or collectively without any prejudice. The whole process gradually led to a minimum common political-programmatic position. The walls between supporters of various political parties were permeated while the wall between the protestors and the current political system was reinforced. In this sense, the Syntagma Square movement was already starting to produce results.

Nonetheless, the divisions were also obvious. The first series of steps that form the boundary between the main square and the street in front of the parliament turned out to be the natural border between two different political approaches as well as lifestyles: Queen Amalia Street became the gathering point of supporters of the right, the extreme right and patriots in general. At the main square gathered leftists of various shadings, liberals and anarchists. Smaller divisions occurred, as is often the case, among the left. The Communist Party (KKE) was aloof, regarding the movement as ineffective. By contrast, SYRIZA, the second of the main left parties, along with smaller parties of the extra-parliamentary left, actively supported, without patronizing, the demonstrations.

To sum up, Greeks are forced to work, study and live within an obsolete and authoritarian political system that increasingly fails to represent them. The Syntagma Square protestors are, in large majority, highly educated citizens – many of them graduates of European Universities – with solid democratic principles. It would hardly be an exaggeration to say that today’s average Greek citizen has outclassed his parliamentary representatives both in terms of education as well as democratic values. Greek citizens daily face a hostile state machine, which recently did not hesitate to suppress a peaceful demonstration using means that resemble – some even say surpass – those used by the authoritarian regimes in the Middle-East. Dozens of videos on the internet document the collaboration between the police and individuals of dubious identity dressed as rioters. More videos clearly confirm the riot police throwing chemicals even at the makeshift Red Cross tent. At the same time, most local media outraged the public by hiding the truth that was already visible to all or by nakedly acting as the government’s official herald.

Greeks are not just protesting the cuts in their income. A whole new generation of active citizens, very much like their counterparts in Tunisia, Egypt or Spain, is struggling against an obviously corrupt state, claiming their basic freedoms.

Note
May 15 and the Spanish Revolution

Armando Fernández Steinko

In Spain the crisis of 2007/2008 marked the end of a long political cycle. Since the 1980s, a big centre coalition tried to build a modern welfare state on the ruins of a destroyed labour society and to finance it through speculation and debts. From a historical perspective, this project (“finance-capitalist welfare state”) is done and over with. A process of re-foundation attempted by Izquierda Unida for two years now, which corresponds to this situation, has arrived at a halt due to internal blockades.

In response to this, a group of left intellectuals, trade unionists and activists initiated an appeal signed by several thousand citizens in only a few weeks, which received great attention in the media. Independently of their party-political loyalties, the citizens were to say NO to neoliberalism and gather around “tables” throughout the entire country to plan actions against neoliberalism. The tables represent spaces in which a practical and direct opposition can be articulated against banks, corruption and massive social cutbacks. A short time after the publication of the appeal a small group of urban youth organised a demonstration against both corruption in the economy and politics and against the two-party system and the grand coalition sustaining it. Some of their initiators had signed the “appeal for the tables”. Others had given up fighting from inside the institutions against the blockades and procrastination of the left parties. Most of them were apolitical and “overqualified” people who saw no future for themselves despite their academic education.
Surprisingly successful

The movements in Northern Africa but also the big demonstration in Portugal – all of which came about without party initiation and outside party structures – had an inspirational effect. The demonstration, which was also supported by ATTAC and the tables, was a major success not so much due to the number of participants but due to a broad and sustained wave of sympathy expressed by 80% of the population and reaching into the remotest villages. Police repression at the Puerta de Sol in Madrid prompted a surge of solidarity and contributed to the further expansion of the movement. On more than 100 squares in the country well-organised tent camps were erected, which were actively supported by citizens previously politically inactive. In these camps, canteens, libraries and discussion groups sprang up in which topics such as the financial system, gender questions, corruption, the privatisation of copyright, etc. were debated. For weeks, they were populated by both young and older people who were politically active for the first time or who had not been active for many years. The decision was made to call new decentralised assemblies in order to reach more citizens including in the working-class districts and to address them politically.

The left establishment was not prepared for the massive wave of sympathy expressed by the population and was partly overwhelmed. It turned out that the May 15 demonstration had the effect of catalysing a deep indignation, up to then not clearly articulated and – similar to the events of the 1960s – directed against the social structures. The local elections one week later gave expression to this trend through a high degree of voter abstention, which was partly a very conscious decision, by only very modest increases of votes for left parties and a landslide defeat for the PSOE. Consequently, bank branches (e.g. Banco de Santander, which is responsible for the speculation with Spanish public securities) were occupied, demonstrations took place in front of town halls into whose city councils corrupt politicians entered after the elections, and flats, threatened by forced evictions due to a failure of mortgage payments, were squatted. To the present day, actions of this kind still occur.

Anti-neoliberal direction of impact

A big demonstration had been announced for June 19 against the Euro-Pact. This brought the “Spanish Revolution” closer to the sphere of anti-neoliberalism. Since the summer, the financial markets have been gnawing at Spain’s social Community Acquis. Prime Minister Zapatero took this as an
occasion to solidify neoliberalism in a rapid procedure – by amending the
Constitution to limit budget deficits. This means an end to the social com-
promises of the transition period after the downfall of the Franco system.
The changing of the Constitution, and still more the rapid procedure in
which it was pushed through, triggered general indignation, in particular
among the trade unions. This led them to join the May 15 Movement in
protest against this measure. The organisers of the protest movement, who
also radically rejected this step, were surprised to be joined by the trade
unions that only a few months before had signed a ruinous pact with the gov-
ernment – under the pretext of protecting old-age pensions against the fi-
nancial markets.

The question now is how to continue. Can the mass movement be sta-
bilised? How can a constant network of citizens organised by the principle
of solidarity be built, one that creates a permanent low intensity rebellion
against the consequences of neoliberalism? How can hegemony be upheld in
the streets and on the squares of the country and how can it be linked up
strategically to organised labour and the left parties? How can reciprocal mis-
trust be dispelled in order to unite the “three legs” of the opposition against
neoliberalism?

The tables have developed a format, which they have been using successful-
ly for months. First, they have succeeded in drawing up joint lists for the up-
coming elections in Aragon comprising a left regional party and Izquierda
Unida – this could well serve as an example for other regions as well. In fact,
the tables have become mediators between trade unions, the May 15 Move-
ment and the left parties. However, the founding of Equo, an initiative fi-
nanced by the Greens in the European Parliament, who want to establish a
strong green party in Spain based on the German model has the opposite ef-
fect. This dynamic runs counter to the general wish for establishing left al-
liances. Equo will not find it all that easy to appeal to potential voters from
the enlightened, urban milieu. On the other end of the left spectrum, Izquier-
da Anticapitalista, an ultra-left party founded on the model of the French
NPA, has come to regard its original project as a failure and has embarked on
a strategic process of discussion, the outcome of which is uncertain.

Further pending questions

Crucial questions remain open: What are the relations to institutionalised
power, to the system of left parties, to elections altogether? That the demands
of the May 15 Movement need to be articulated in the institutions has mean-
while become clear to most protagonists. Nevertheless, there is no chance
that the Movement can gather behind what Izquierda Unida (IU) is today
and even less behind other parties (the left nationalist parties and the ultra left have been playing a more than marginal role in this process).

The current leadership of IU has so far taken no noteworthy steps in the direction of its “re-foundation” that was agreed upon by the majority – and which was to include a profound internal democratisation, the overcoming of local and closed power constellations, which creates a distance between many activists of the Movement and the coalition, and a strategic approach to social movements, etc. For many months the coalition’s stocktaking of the political and economic situation had been all but realistic, which has led to its lagging behind the Movement, even if many of its members had personally been actively involved in it, even in leading positions and right from the start. Meanwhile, a process of learning has begun. But time is short, since new elections have been scheduled for November 20. Although there are attempts to establish broad left alliances for the elections (Frentes Amplios) with other left forces and possible splinter groups from the PSOE, the fact remains that only a broadly defined, relatively open space on the model of the French Front de Gauche would really be capable of bringing together left socialists and other formations and tendencies.

The tables as bearers of hope

The tables at which almost the entire left spectrum is represented serve as mediators between left parties, organised labour movement and new social movements. They are trying to deconstruct deeply rooted distrust. Little time remains for this difficult task. Although the May 15 Movement is acting very consciously politically and is directing its criticism against the two-party-system rather than against parties in general, the scepticism regarding institutionalised politics continues to be very great, and it is impossible to overcome from one day to the other. The speed at which events take place is not the ideal context for those who continue to be oriented towards gradual changes, ritualised forms of politics and rounded-off forms of organisation – attitudes and creeds which still find the support of majorities within left organisations.
Fluid Democracy: The Italian Water Revolution

From Commons to the referendum

Tommaso Fattori

Earth, water, air and fire (what we would call, in contemporary terms, energy) have, for millennia, been considered primary elements and the common base materials of life, ever since the dawn of Western philosophical thought in ancient Greece. In the Metamorphosis by Ovid – a classic of Latin literature written more than two thousand years ago – the goddess Latona thus addresses a group of peasants who refuse to allow her to drink from a pool: “Why do you refuse me water? Water is free to all. Nature allows no one to claim as property the sunshine, the air, or the water. I come to take my share of a common blessing. Yet I ask it of you a favour (...). A draught of water would be nectar to me; it would revive me, and I would be indebted to you for life itself.” These words condense the elements that will find their completion in the legal system more than five hundred years later, in the Justinian Code.

Contrary to the res nullius – goods that belong to no one and that can therefore be appropriated by anyone who takes them first – air, water and sunshine are common natural goods (natural Commons), that belong to everyone and because of this cannot be appropriated privately and exclusively by any one person. These are not goods that are permitted to generate profits. Inalienable goods that are not even available to the princeps, that is, the Roman Emperor. Goods that are essential for life and, for this reason, connected to the fundamental rights of every human being. On closer inspection, the natural Commons are in fact common to every living being –
plants and animals included – if we do not want to remain trapped in a rigidly anthropocentric point of view.

Over the centuries the list of the goods socially recognised as Commons in various human communities has been greatly enlarged: they have been increased well beyond the natural Commons. It would have been impossible, during the time of Justinian, to predict that one day the Web would be considered a common good.

At the same time, access to certain vital natural common assets (such as water) and the need to ensure everyone’s right to enjoy common, intangible and fundamental assets (such as health or education) has required society to create social services. These are, therefore, public services of general interest, in most of the planet, in order to guarantee the access of the many to these assets: an access that is not immediate, which it is for the “ecosystem people”, that is, the poorer two-thirds of humanity living in a biodiversity-based economy in the Southern Hemisphere, but a mediated access, because it implies and requires a social service.

Tangible or intangible, natural or social, the Commons are those goods or assets that no one can claim to have produced individually: goods that the collectivity receives as a gift of Nature (no one produces water or the global water cycle, air or forests) or receives as an inheritance from previous generations, such as condensation of collective thought and ways of working together (i.e. knowledge, codes of law, language). The Commons are the things considered essential for life, understood not merely in the biological sense. These are the structures that connect individuals to each other, tangible or intangible elements that we all have in common and that make us members of a society, not isolated entities in competition with each other, elements that we maintain or reproduce together, according to rules established by the community: a territory to wrest from the hands of the post-democratic elite and that must be self-governed through forms of participatory democracy. Commons are places for encounters and dialogues between members of a collectivity who participate in the first person. Democracy and communal assets are, therefore, closely related.

Nevertheless, over the centuries, the number of Commons that have been annihilated and privatised has slowly grown: at the time of Justinian no one could have predicted that one day modern capitalism would be born of “enclosing” these goods nor that there would be a successive push towards privatisation, not only of the land but also of seeds and biodiversity, and then water, air and even knowledge itself (for example, through intellectual property rights). The vote in the Italian referendum was a vote against new “enclosures”, in favour of a democratically participated management of water and Commons.
The referendum questions

Already in the past we have seen popular referendums on divorce, abortion and electoral laws mark the beginning of new phases in Italian history. The referendum vote of June 12 and 13, 2011 was also an epic vote – a political and cultural revolution centred on the Commons.

Popular initiative referendums in Italy can only abrogate laws: that is, new laws cannot be proposed but laws can only be repeal that have already been already passed by the parliament, with which the sovereign people does not agree. In this case, however, it was very clear that the *pars construens* was hiding behind the *pars destruens*. The first and second of the four questions submitted to the voters regarded water – symbol *par excellence* of natural Commons – and was specifically about blocking a forced privatisation and preventing the few from making a profit on a common asset. On the positive side, movements asked for public management and democratic participation by citizens and service workers. The third question concerned the future of energy and opposition to nuclear plants: the sun evoked by Ovid and renewable energy were positive elements implicitly contained in the antinuclear referendum vote. Finally, the fourth question related to one of the conditions of democracy itself – the equality of citizens before the law – and provided for the abrogation of a special *de facto* immunity that would prevent instituting legal proceedings against the Prime Minister and other Ministers in office. The final act on the part of the government, a long series of provisions aimed at introducing into Italy a legislation of inequity, founded on the split between friendly criminal law, which translates into a discipline in favour of the privileged, and enemy criminal law that affects the more vulnerable social classes (starting with immigrants: there has even been a law introduced making it a crime to be in the country clandestinely, punishing as a crime an existential condition rather than a criminal action).

The first and principal difficulty in popular referendums has always been meeting the quorum, which is very high: for the referendum to be valid, at least 50% of eligible voters plus one must go to the urns. In June, after 14 years, the quorum was reached with a generous margin: more than 57% of Italians voted. Even more amazing was the overwhelming majority of “yes” votes on all 4 questions (those voting “yes” being in favour of repealing the law that was the subject of the referendum): 95.35 % yes (4.65 no) on the first question; 95.80 yes (4.20 no) on the second; 94.05 yes (5.95 no) on the third; 94.62 yes (5.38 no) on the fourth. Certainly the terrible tragedy of Fukushima contributed to a strong popular aversion to nuclear projects, thus contributing to reaching the quorum; nevertheless, the two referendum questions against privatising water had collected more than 1,400,000 signatures.
each, calling for their inclusion on the ballot, that is, double the number of signatures collected to include the other two referendums on nuclear plants and the “save the Premier” law. The two questions regarding water are the ones that obtained the highest percentage of voters and the absolute highest number of “yes” votes in the entire history of Italian referendums.

Before analysing the underlying causes and roots of this vote “for water as a common asset”, a bit more should be said on the two referendum questions on water. The first question was about abolishing the obligation to legally privatise the management of water service by entrusting it to private companies (through competition) or through the forced sale of at least 40% of the company shares to private individuals of those water management companies that are still publicly owned (half of Italian companies already have private partners). The government, using the law that has just been repealed by Italian citizens, had intended to eliminate all publicly-owned joint-stock companies. The movements, in contrast, after having won the referendum, intend to complete the next step and transform all the actual joint-stock companies – even those totally publicly owned – into authentic public-law institutions, whose goal is no longer the production of a utility: truly “communal” management bodies in which the citizens democratically participate.

The second question of the referendum, on the other hand, went to the very foundations of the private enterprise system, preventing profits from being earned from managing the water services and thus removing the only reason and only interest that private parties would have in remaining in the management companies. The citizens wanted to eliminate the guarantee – in the rates paid by citizens – of an “adequate return on invested capital”. Among all questions, the one that received the largest number of “yes” votes and saw the most impressive victory was the most opposed by the economic and political powers. Italians chose to thus exclude the profits of the few from an asset that belongs to everyone, that is, to prevent parasitic income for those who manage (necessarily as a monopoly) a vital service with a fixed demand, a service that brings water into homes, an asset that no one can do without.

The iceberg

Like a sort of gigantic iceberg invisible to all the instruments available to politics and traditional media, the water movement was noticed – with amazement, bewilderment, and fear – only when the transatlantic liner was already capsizing, metaphorically speaking, on June 12th and 13th. Not the transatlantic liner of Berlusconi-ism but rather that privateer globalisation
and the neoliberalist doctrine that explicitly theorises an anorexic public and, implicitly, a democracy with minimum participation. The disappearance of the concept of commonwealth itself – i.e. the accumulation of private assets coinciding with outright wealth, as well as the elimination of any real political control of the market (i.e. of the violent dynamics of economic forces and the choices made by the owners of capital) – coincides with the hyper-oligarchical view of democracy which is reduced to mere participation in elections taking place with predetermined agendas.

The referendum defeat was not, therefore, a defeat of the political right, but a defeat of “absolute privatism” that had long fascinated even the Italian left, making it incapable of distinguishing between commodity/goods and common goods/assets, between the world of profits and the sphere of rights, between market and services of general interest, to the point of believing it natural that one of the purposes of a public service should be distributing dividends to shareholders, recompensing capital and generating profits.

Also defeated in the June elections were private individuals and companies hunting for parasitic income from vital and fundamental services such as water services, but also those in the political oligarchy who too often in Italy consider Commons as their own property: favouritism and subdivided management marked the first stage of privatisation, in a logic that sacrifices the assets belonging to all to the interests of the few. This leads us back, as always, to the crux of democracy.

The water movement has received a new start from this colossal political victory, but above all from an even more profound cultural victory. With this movement the transformation of common sense, well documented by the significant investigation Demos-Coop in July 2011, has begun. This investigation mapping the public and private language of Italians shows a new hierarchy of words, in which the use of words like “individualism” or “strong leader” has collapsed and in their place new terms like “common good” have spread. A linguistic and conceptual revolution, the appearance, at least in embryo, of an unexpected world view.

Underpinning the new symbolic horizon now taking shape there are concrete and material experiences (there has already been personal experience that sees the entrance of private individuals and companies into fundamental goods and services as the problem, not the solution) but also desires (for relations, ties, sharing) and anger (towards a degenerated “public”, that is seized by the private logic of the political elite and their special interests).

Italians have shown that the majority does not wish to just “die as consumers” and that the metamorphosis of citizens into sad and fearful units, held together only by the reins of television proffering a truth that is stretched further and further, has never become total. Still incubating under
the ashes of social atomisation and isolation is a strong desire for democratic ties and participation.

The first lesson of the referendum, however, concerns the possibility of change itself and is therefore, a sort of meta-result: confidence in “grass-roots” collective political action has been restored. For years they have told us stories about our impotence in the face of major global processes, guided by an incontestable Zeitgeist: that it was impossible by our own efforts to stop privatisation, the polarisation of wealth, the absolute control of the market. When, a decade ago, a few scattered groups of activists started taking the first steps to defend water they laughed at us as dreamers and utopians, unable to understand and adapt to the inevitable reality of the “way the world goes”. The water movement showed that this “way” is not yet finally determined, that we can change the direction, and that it is possible to construct a new political agenda. Working patiently throughout the country, using the new instrument of the internet (that circumvents and weakens traditional media), but above all, coming together in vast alliances – which combine concrete objectives and universal principles – it is possible to build pieces of “another world” and create a new collective culture. In this sense, the post-referendum is a new beginning. We will start from two – from two victories, that is.

The form of moving waters

Those who look at the features of the water referendum campaign will see a political and cultural sui generis process: a campaign conducted almost without funds from a myriad of social forces that have diversified it in many different ways – a molecular, multi-centred campaign – and not only geographically. For the first time in the history of the country, the organising committee was composed only of social organisations, both local and national, coordinated horizontally; political parties, on the other hand, gave rise to parallel advocacy committees. The many identities and the different cultural roots of the subjects – both individuals and collectives – merged along the path, generating a new common identity.

Another crucial element of the referendum initiative was not so much (or not only) the return to “politics with content” – already significant at a time when much of Italian politics is busy reducing itself to political harangues and complex coalition alchemy – but rather the essence itself of politics and living together: common assets and democratic participation. Common assets represent a new horizon in connecting different areas and conflicts – from the material asset of water to the immaterial web and the potential of speaking to everyone, including a large part of the right-wing electorate. Common assets can re-arrange, materially and symbolically, the frayed ends
of politics and rebuild a different collective culture from the roots. Starting with what we “have-in-common” (from its recognition and its participated management) it is possible to reconstruct political sense and project. If Elinor Ostrom has shown in her studies how the presence of a community with strong internal ties is one of the main conditions for an efficient collective management of the Commons, the inverse is also true: being able to recover the sense of something in common and constructing forms of participatory management of the Commons in turn creates social ties and citizenship.

What happened with the water referendum suggests the potential of this universe under construction, where content and method are inseparable. It is no coincidence that the water movement grew over the years in rigorously horizontal and participatory forms, and that it was born locally, developing coherent and efficient proposals, inventing spaces for real and virtual meetings that first overtook and then overwhelmed the mainstream media. In June, the use of a very traditional instrument – the vote – marked a decisive stage in a process that has been very untraditional. Many commentators, closed in the self-referencing forts of the official media, but also many ship captains, were amazed to have collided with the iceberg. But that iceberg was not created in a single night. Rather, it is the result of a long process of sedimentation. A molecular process, begun nearly ten years ago through the construction of local networks, which are connected to each other so as to give life to the Italian Water Movement Forum, which today unites regional committees and national organisations, formal and informal groups, in a space devoid of hierarchy and leadership. A space not free of conflict but founded on trust and the consensus method for making decisions.

**Write water, but read democracy**

It is not by accident that one of the most widely used slogans of the movement – “write water, but read democracy” – connects the two terms so closely. This identification works in at least two senses. As we have seen, democracy and participation are the substance of the decision-making mechanisms and the organisational modes of the movement. The water movement embodies a heretical view of politics in this era of “light parties”, in which the participation of members becomes a burden and a limit to the workings of the political market entrepreneurs who move between television and surveys: politics is not a prerogative of oligarchy but collective action. An action that organises the relationships horizontally and gives life to a multi-centred public space, without ever concentrating power and decision-making but, on the contrary, spreading them out locally and throughout the entire body of the movement. This form of organisation opposes the dynamics of post-demo-
ocratic centralisation of power, values the diversity of knowledge and encourages participation, direct and in the first person, in decision-making and favours rotating mechanisms. The construction of a common leadership is an essential element of the water movement.

At the same time democracy is the heart of the new participatory governance of water and the other common assets that the movement proposes, the pivot of the new public model to be invented. In short, democracy and participation are the form of the movement and the content of its proposals, a means and an end. This double dimension has been clearly present since the beginning, since the collective writing – through participatory mechanisms – of the two laws based on popular initiatives elaborated by the water movements (a regional law in Tuscany in 2005 and a second national law in 2007): “make us legislators”, condense the movement’s proposals into laws potentially applicable immediately – this was the common goal.

There is a trite rhetoric that would like to reduce social movements simply to the dimension of protest and to re-propose the plans for which society disconnectedly raises questions to which the classical political and institutional framework must furnish appropriate answers. The movements for common assets elaborate questions as well as the answers. They recover pieces of a sovereignty that formally belongs to the people but has essentially been confiscated by the elite that exercises authority in its name, if it has not indeed been directly incorporated by the markets and the international non-democratic structures, starting with the International Monetary Fund and the World Bank.

If democracy and participation are as much a means as an end for the water movement, on the contrary, privatisation is, above all, privatisation of the decision-making sphere. The choices for managing common assets are carried out within the shared capital corporations that manage them: subjects of private rights that are transformed into new institutions of post-democratic local government. In Italy the actual utility service joint-stock companies that have turned into places of public policy-making are the final result of a double process of making assets and services “no longer public”. If for more than ten years the system has gradually been preyed on by private economic agents, in the previous phase too often it was the political elite who dealt with common assets and essential services as if they were private, always excluding citizen participation, raising walls and barriers (at best, entrenching itself in the forts of that democracy of experts and technicians; at worst, building patronage networks and distributing seats and power). What is public in this way of understanding and managing common assets and services “no longer public”? The last stage of this evolutionary process of making these assets and services “no longer public” was creating the public-private partnership, a sort of two-headed monster. Behind the locked board rooms of the public-
private “mixed” joint-stock-companies are the tables where opaque consultations take place, where cartels of private businessmen and figures of public power sit, whose choices are by now removed from any possible democratic accountability. Privatising in the decision-making sphere is the black heart of the joint-stock-company model: more than a flight from public rights – to embrace private rights – this is a true escape from democracy. Thus it is not enough to exclude the profits of the few from the assets of all, nor are citizens willing to barter democratic participation for shareholdings, as shown by the referendum vote: making public assets public again means making them Common, democratically owned and transparent. Making water and other assets common again forces the rethinking of what democracy means and the joint action of inventing pieces of another policy.

It is clear that the private forms of water management and local public utility services, or those based on private enterprises, are only one of the many faces of the more complex seizure of popular sovereignty by economic-financial agglomerates and international undemocratic organisations that are constitutionally characterised by intertwined economic and political powers now freed from any type of democratic verification. In fact, the entire global common-asset movement demands both that these assets not be considered commodities and that the management of these assets be participatory. The movement claims the need to self-govern these common assets and the services of general interest connected with them, according to rules and instruments decided by the collectivity of reference. From this point of view I think the example given by our popular-initiative laws is once again illuminating. It is a process that has organised the wish of citizens to be their own legislators, to give themselves their own laws and their own rules, to share the management of those things that we have in common.

In recent years, that which “moves” society seems to revolve essentially around a deep gravitational core, that of democracy to be reinvented. We are experimenting with renewed models of participation (participatory democracy, deliberative democracy) and we are recovering traditional instruments of direct democracy to break the shell of the post-democratic powers of small groups. It is no coincidence that the water movement first resorted to the legal instrument of the popular initiative and then to the institution of the referendum. Nor is it a coincidence that the referendum question in itself – namely the right of each and every person to be able to decide directly on essential matters – has become crucial in Europe, from the Spanish indignados who shout their demands in the squares to the factories and world of work in Italy, where a metalworkers trade union as important as FIOM (Federation of Italian Metal Workers) is waging a battle over the workers’ right to decide directly on the agreements for their new contracts (confirmation by referendum).
Behind the communities that establish the rules for governing Commons by consensus and behind the practices of participatory democracy there is the choice of the method of confrontation and resolution in contrast to that calculated by the pre-established majority or minority on options already given. Participatory politics, as shown by the practices of these movements over the years, is a generative act, not a power technique or composition of pre-determined interests. It is a collective creation of common values and shared projects, not the search for a point of contact between individual egos, nor a negotiation between pre-packaged options.

Of course, no one can reasonably believe that Italians are now all looking for participatory democracy and ready to take loving care of common assets, nor that Italy has leapt out of the mire of Berlusconi-ism. There is a large part of society that is not looking for participation at all and that in view of the growing sense of social insecurity continues to demand order and decisions, or rather an authoritarian and state-controlled democracy: for reinforcing mandate democracy and asking the professional politicians to decide quickly. Nor have dominant groups lost the ability to produce consensus and popular mass ideologies. However, the referendums in June have also unveiled a laceration across that world. They have shown that this hegemony has cracked and new possibilities have been opened: the long and molecular work of the water movement – and movements for common assets – has begun to transform into something profound, which, as we have seen, is now emerging even in the lexicon of Italians. The left must rush to relocate their social action in local areas where people live each day. There is need for innovative and inclusive practices, for different languages able to bring together wants and material needs, to free and enhance entrapped and misunderstood knowledge. This needs to happen before, in the current era of transition, the effects of economic crisis drive many people to choose the road of crime rather than that of building a society of common assets.

Water in the hot autumn

In the next few months there will be three main fields of action for the water movement:

1) implementing the two questions passed by more than 95% of Italians and consolidating the referendum victory (which the government intends, in any case, to abuse and disregard) finally forcing the parliament to discuss the popular initiative laws written by the movements, frozen for years in the drawers of the Chamber of Deputies.

2) Connecting with what is “moving” in the country, merging into the more general autumnal wave that is building against the so-called “econom-
ic manoeuvre” and against the Italian government’s austerity policies, including its plan for constitutional revision that would make a balanced budget a constitutional requirement.

3) Strengthening the international commitment to build a European water network that will broaden the movements’ initiative to continental dimensions.

We are, therefore, organising an international meeting in Italy during the autumn, in which movements, unions and social organisations from all over Europe will take part. Together we will define the bases and goals for common action and we will identify the most efficient instruments to use, such as the brand new European Citizens’ Initiative (CEI), the first and only instrument of direct democratic participation provided by the Union. Such a network can act as a first nucleus of condensation for a European social alliance for common assets, and in the present bring vital lifeblood to the Alternative World Water Forum. In fact, the second goal will be to sound the death knell for the World Water Forum which will be held in Marseilles in March 2012, a Forum guided by multinational companies and which is going through a severe legitimacy crisis, thanks to the action of social movements.

In conclusion

The water movement is largely the child of the anti-global season. Its choice of focusing for years on one theme and on one specific campaign is sometimes observed with suspicion and smugness if not openly criticised for its bias. Many of us, on the contrary, have been convinced that water – as a material substance but also symbolically – was the cornerstone on which to rebuild a wider horizon of democracy and common assets – a battering ram against the overall system of global privatisation, a snowball that can grow into an avalanche (or rather, an iceberg). There was also a need, after the terrible defeat of the mobilisation for peace and against the wars in Iraq and Afghanistan, to regain trust in collective action. The theme of effectiveness is not at all secondary: it not superfluous to be conscious that winning is possible and that alternative practices can emerge from the imagination and fashion the world. The referendum triumph, in this sense, was an unequivocal message. Nor is the “symbolic” field secondary. If symbols without material are empty and deceptive, material separated from the symbolic is for its part deaf and dumb, politically lifeless. A chorus is forming around water and common assets that will reawaken profound wants and needs, starting with the need to rediscover structures that connect us to others without losing ourselves, that tear us away from competitive solitude without cancelling our individual liberty.
The lost profile (1968)
The Constitution and the Crisis of Education: A Decisive Battle

Juan Pablo Cárdenas

This summer’s student demonstrations detonated the major social explosion our country is experiencing today after 17 years of an authoritarian regime and two decades of dashed hopes. Over and above this series of events that, in a way, pulled us out of a long period of sleep that followed the dictatorship, what emerges is that the demand for a free, public high-quality education, accessible to everyone, has brought to light the discontent of workers as consumers and the unrest of all Chileans, victims of scandalous and unjust inequalities due to the political and economic orientations set by Pinochet and then accepted by all the governments that have followed.

Today, we have a country that in fact belongs to a handful of companies that act like feudal lords over our land, in which the credit organisations, as well as the major stores, daily grab the meagre resources of the immense majority of the people, a country in which the environment is degraded by the banditry of the major investors with the criminal complicity of those who have the responsibility of guaranteeing and maintaining our national sovereignty and the integrity of our territory – namely the political caste and the army.

The latter, in return, rake in scandalous incomes compared with the feeble means allocated to health and education, housing and pensions. Since Chile had become the paradigm of the wildest form of capitalism for over 30 years everything was done to divide the population, favour a tiny minority and let the vast majority live in ignorance and with a minimal wage as their only re-
source. It is with the objective of turning us into a source of the cheapest labour to attract the monopolies and multinationals that we have an average per capita income that not even 20% of the population can earn, that we sell our strategic resources for peanuts to the world “markets”.

We have lived through a period when police brutality was freely used against any form of demonstration, protest or opposition, in which unbearable violations of human rights met with the greatest leniency from the courts – verdicts that were ratified by the governments to which Pinochet left the country as a legacy – governments that helped him avoid international sanctions for crimes against humanity.

We have had years of a false transition to democracy, with five governments, during which, for example, Chileans living abroad were not given the right to vote, years marked by the yoke of an electoral system limited to a regime of political parties with two-candidate elections and gigantic funds granted to the families who govern us to enable them to make a profit on their political investments. These families have shown themselves to be completely subservient to powerful big businessmen who, in return, enjoy a good return on their operations against the Public Treasury – under the eyes of a population shocked by their impunity and the complicity of the dominant media. This media, controlled by the group that owns television channels and newspapers, has obviously given up any attempt to defend and represent the people’s interests instead of giving space to the government’s propaganda and the ideology of monopolies. All are consolidated round a mode of development that ever increasingly concentrates wealth, production and trade. This is the reason why they still continue to oppose any pluralism of information and any discordant voices.

Massive demonstrations have shown up the indifference of the authorities, the crude distortion of events and the repressive nature of the reigning system. These demonstrations have, above all, laid bare to the whole world the realities of this country – but also to those of our own people who are still fascinated by the flashy showbiz and trashy taste that is offered them to the detriment of their intellectual dignity and sovereign rights. The Internet networks, the unshakable determination of the youth and the intransient attitude of several organisations and leaders of civil society are enabling the country to discover that the cause of these perversions is not the lack of resources but the way a perverse political and economic system works, one which has to be overthrown in order to break the chains of cultural inequality and underdevelopment.

As our great heroes of the liberation said in their time, the problem resides, yet again, in the framework imposed on us by an illegitimate constitution, inherited from an imposed power, which the people never approved, such as
today’s “Fundamental Charter”. This has allowed those who, in their time, denounced it but totally accommodated themselves to it once in office, to take the elite as hostage and to betray republican values.

It is not for nothing that the demand for a Constituent Assembly is put forward in all the lucid speeches of the student leaders, who are aware that this class education and the unwillingness of the state to respond to social demands are based on an appalling document – illegitimate in its origins and in the way it is applied – but also on the hypocrisy of those who have ruled the country by following the path blazed by the dictator. This is why they accepted some minor changes when it was drawn up, and even adopted some despicable amendments, such as the possibility of political parties replacing members of parliament or senators who had abandoned their mandate – so that today a large number of MPs and senators have been nominated by those who have converted their constituencies into electoral hunting grounds.

If today’s rebels were to depend on the Constitution and the existing laws and parliamentary procedures to resolve the education crisis, to establish fiscal reforms and find a response to the citizens’ many demands, it would be a total failure. The changes demanded in the streets and innumerable places throughout the country must result in an explicit agreement with the present tenants of La Moneda, if we do not want to see a repetition of the procrastination and forgetfulness into which previous aspirations have fallen. This is why the struggle for education, must become “the mother of all struggles”, a decisive battle, as should those to require a Constitutional Assembly, a referendum and a new constitution. Only then can we talk of democracy, of justice and of freedom in Chile, which is still dominated by the discrimination and incompetence of the political caste as a whole.
“The People Demand Social Justice!”
A Huge Social Protest in Israel

Michel Warschawski

Less than a year ago, the whole Arab Region, from Tunisia in the West to Yemen in the South East, was the arena of a gigantic and extraordinary popular uprising for freedom and democracy. The decades-old dictatorships of Hosni Mubarak and Zine el Abidine Ben Ali were overturned in a few weeks, and the road to new democratic regimes seemed wide open. Not all the regimes of the region were challenged, but there was not a single country in it that was not affected by the popular movements within or outside their boundaries – except one: the State of Israel.

Israel looked like an island of stability in a sea of unrest and revolutions, and its leaders did not for a minute hesitate to sell this stability to the Western governments: “to defend your interests in the area, you cannot trust even the toughest dictatorships that you are supporting with money and military equipment; sooner or later, popular movements may take over and jeopardise everything you have invested in these allies” said the Israeli leaders, in substance, to their Western counterparts, “the State of Israel is your only stable and trustworthy ally!”

A few month later “Israeli stability” was displaced by the biggest popular mobilisation the country has ever seen: starting with a small tent camp in Tel Aviv that quickly spread to many other cities, it grew to bigger and bigger street demonstrations culminating in September 3rd, when, according to the police, 450,000 demonstrated in the streets of Tel Aviv, the biggest demonstration in the history of the State of Israel.
Housing – a burning issue

The movement started around a single issue: housing. After several decades in which an Israeli couple had access to decent housing thanks to state-subsidised loans, the new neoliberal economy makes it almost impossible: a young couple, in which both the man and the woman are earning a decent salary, can no longer buy an apartment. Cuts in state subsidies and the abolition of cheap loans, privatisation of land and the dismantling of the public-housing system make it almost impossible for a young couple to have access to a flat.

This policy hits not only the poor, but most of the middle class too. And indeed the present movement started as a movement of the middle class. Only recently did the poorest layers of society join it, in the main cities as well as in the so-called periphery. Let us remember that, according to the Israeli National Insurance Agency, 30% of Israeli children are living under the poverty line, i.e. slightly less than one quarter of Israelis is considered to be poor – in a country that is wealthier than the European Union average.

Challenging neoliberal choice

Very soon, however, the demands around housing developed into an overall challenge of the neoliberal system as such. Israeli PM Benjamin Netanyahu has been one of the world’s most aggressive leaders in implementing the neoliberal economic order; when he served as Minister of Finances (1998-1999) market economy was his religion, private enterprise and “free” competition his Holy Bible. And indeed, in few countries was the process of privatisation and dismantling of public services and properties so brutal and total. Almost nothing remains of the old welfare – some would say even socialist – state, and even the education system is being gradually privatised. The return of Netanyahu as Prime Minister signalled a new offensive, but this time, instead of frontally attacking the poor and the middle classes, Netanyahu chose another tack: to give to the rich, especially by dramatically reducing taxes on enterprises and on high personal income.

With Netanyahu the money-power connection became naked in a truly provocative way, and the personal friendship between Netanyahu, his ministers and senior officials, on the one hand, and the “tycoons” – a local name for the oligarchs – on the other, are on the front page of the local media almost every day. By shouting “the people demand social justice“ and “against privatisations – welfare state!” the demonstrators are challenging the very heart of Netanyahu’s economic and social philosophy and practice. “A government of the tycoons”, this is how the Israeli middle class perceived Ne-
tanyahu’s government, and rightly so: all the other layers of society are left out, not only the poor.

**New layers are joining – from the centre to the periphery**

After a couple of weeks of mobilisations, however, new layers have been joining the struggle, those called the “Israeli periphery”. “Periphery” has a double meaning: those in the geographical periphery, i.e. living outside the three big cities (Tel Aviv, Jerusalem, Haifa) as well as the social periphery. During the first weeks, the poorest classes were not part of the mobilisation whose spokesperson insisted that the participants belong to the middle class, as if that sociological fact should assure them privileges in contrast to the poor. Moreover, they insisted also that, unlike the poor, there are “normative Israelis”, which means in Israeli language, paying taxes and serving in the reserve army. On Saturday night, August 13, tens of thousands of “peripheral” Israelis took to the streets, in Natanya and Beersheba in particular, and by so doing changed the class nature of the movement. Accordingly, two new sectors were in the forefront of the mobilisation: poor women (especially in Haifa) and the Palestinian minority. In both cases, new demands specific to these sectors have been raised. It is worth noting that the Arab demonstrators were welcome by the Jewish ones, some of them explaining that “they have no problem at all with Arabs, but they hate the Palestinians” (sic).

**The movement**

In its first stage, the protest movements were reminiscent of the World Social Forum initiatives in the first decade of the present century: no programme, no leadership, and no joint agenda besides the two above-mentioned slogans. Everyone was in the movement and raised his or her own demands and concerns. Tel Aviv’s Rothschild Avenue, where the first tent site was established, quickly became a huge forum of discussions, exchange and dialogue, in addition to cultural activities; well known artists came to express their solidarity and contribute to the mobilisation. The demonstrators insisted that they were “neither left, nor right” and indeed many Likud voters are part of the movement. They also insist in distinguishing between a “social” movement and a “political movement”, adamantly denying that they are “political”. No one can deny, however, that the movement is openly challenging neoliberal economics and calling for a return to the welfare state. In that sense it is a break with the consensual policy of all the Israeli major parties – Likud, Kadima and the various splits of the Labour party. The real nature of the movement and its spokespersons will be revealed when they have to an-
swer the question that was already raised by Netanyahu and the Finance Ministry directors – more money for housing, health and education, from where do we get it? The question is relevant, and the answer obvious: from the huge budgets for settlements, from the defence budget, from the tax exemptions for big enterprises and banks. There is plenty of money there to take, and the decision to do so is political.

A new definition of “the people”

We should not limit ourselves to the self-perception of the movement and its demands. Something much deeper may be happening, though it will take time and political battles before it bears its blessed fruit. In Israel the concept “people” was synonymous with “the nation”, i.e. the Jewish nation of Israel. The people were always “the people of Israel” in the biblical sense – not in the modern republican sense of the collectivity of the citizens of the State of Israel. It excluded from the sovereign collective the non-Jewish citizens, the Palestinian minority in particular, though they represent more than 20% of the population. In most of the demonstrations, the spokespersons were extremely explicit when speaking on behalf of “the whole people”, and they became used to specifying: “religious and non-religious, Ashkenazi (of European background) and Mizrahi (of Arab and Mediterranean background) – Jews and Arabs”. And indeed the Arab minority of Israel was part and parcel of the movement and, in the mixed cities, like Haifa, the demonstrations were really joint Jewish-Arab demonstrations. Let us hope and dream that a new “Am Israel” (People of Israel) was born on July the 14th, like the new French nation in 1789, a civic definition of the people instead of an ethnic/confessional one. If this turns out to be so, the ambitious slogan of the demonstrations – “Revolution!” – was no exaggeration.

Netanyahu’s reaction

Benjamin Netanyahu’s first reaction to the movement came as no surprise: “the movement is politically motivated and manipulated by the left”, but soon after his close advisers made him understand that if the movement is the left in Israel, the left is the great majority of the voters. He therefore changed his argument and claimed that changing budget’s priorities would weaken Israeli security. Ehud Barak, from his penthouse in one of the most expensive buildings in Tel Aviv, was even cruder: “Israel is not Switzerland” said the kibbutznik who became a millionaire. As usual in Israel, the first response of the government was to establish a commission. Led by Professor Trachtenberg, the commission’s mandate is very limited, and its members
unable – and unwilling for the most part – to relate to the main demand of the protest movement: the end of neoliberal economics, and a return to some kind of regulated capitalism. In the best case scenario, it will focus on a criticism of the concentration of capital, denounce the “tycoons” and suggest some measures to limit their financial power. The next step of the present ultra-right-wing government may well be inspired by Ehud Barak: heating the border with one of the neighbouring countries or even provoking a series of terrorist activities in Israel, hoping that “security” will recreate a spirit of national unity against a foreign threat. It will not be the first time that an Israeli government will have used this dirty strategy. It seems, however, that Israeli public opinion is more astute than in the past: when government spokespersons recently raised the security issue, the answer of the demonstrators has been: “housing, education and health are our real security”, showing in a sense that they are well aware of this old trick. Will this awareness be sufficient to deter the Israeli government from initiating a war? No one can answer that question. The great publicity given by the Israeli right to the visit of the US war-mongering Chuck Norris and Glenn Beck and their racist statements are definitely not a good sign.

An overall alternative program

The demonstrators reacted to this government’s initiative by establishing their own commission, made of progressive economists, sociologists and social activists. This alternative group has a very heterogeneous composition, including the former deputy governor of the Bank of Israel, and a good many activists have expressed their hostility to the alternative commission. Every one in the progressive camp would agree that any alternative should include:

- a dramatic increase in the budgets for health, education and welfare;
- the implementation of the existing law on public housing and the allocation of approved budgets for the building of social housing all over the country;
- an emergency plan for the development of the “periphery”;
- raising taxes on the profits of big companies;
- the expropriation of empty dwellings all over the country;
- the dismantling of the Land Authority Administration.

But this is not enough, and the following additional demands are definitely not part of the consensus of the movement, which is trying hard to remain neither left nor right. One should, however, understand that, like democracy, social justice cannot be divided: it is an either-or matter:
Priority should be given to the most deprived communities, in particular the Arab and the ultra-orthodox communities; these communities are not the main concern, to say the least, of the middle-class spokespersons of the protest movement.

In order to finance the legitimate demands of the protestors, one must demand big cuts in the settlements and “security” budgets; sooner or later the movement will have to put an end to its claim of being “apolitical”. Right and left are two opposite directions, one leading to more poverty and social discriminations, the other to a more just distribution of wealth. One of the most popular slogans of the demonstrators was “REVOLUTION”. It is indeed a very ambitious slogan. To achieve even a small part of it requires making choices and ending the illusion of national unity.
Sure, we were all happy. And of course we celebrated. The whole world was watching Egypt. We were enormously proud. But then?

The Egyptians have returned to daily life, which has become much more difficult than before, because the economy is suffering. With the lack of tourists some sectors make little to nothing. Unemployment is on the rise while prices are exploding. The people have become tired of revolution.

Nevertheless, some things have changed. Nowadays, we all have a political conscience. Parties are founded by everyone. Everyone is speaking up and everyone wants to become organised. They suddenly have an intensity of public discussion never seen before. The experience of having been able to ask for their rights causes ripples in the people’s conscience. Occasionally, there are small demonstrations, students and hospital doctors go on strike, state workers protest openly, workers draw attention to unacceptable conditions. Even if this kind of protest goes a bit astray sometimes, it is generally a very positive change that Egyptians want to make their voice heard after so many years of repression.

This new attitude is of immense importance for the political development of the country, because the temporary governments installed by the Military Council have so far only accepted reforms under pressure from the streets.

On February 11, 2011, Hosni Mubarak abdicated and the military took over the government. Since then, there have been only a few cosmetic changes on the political level. In principle, the old power structures from be-
The army’s leadership stratum is made up of a part of the old Mubarak regime. They form the Military Council. It is never mentioned that this body has never been elected by the people. In some ways, the military council is continuing the strategy of the old government of undermining the unity of the Egyptian people in order to ensure its own interests.

Part of their strategy consists of a lack of clarity about elections, the spreading of rumours in the media about foreign agents, the purposeful disinformation disseminated concerning political plans and changes.

Take the March referendum for instance: most Egyptians had no clue what their vote would do or for what changes in the Constitution they should vote and why.

This left a lot of room for manipulation, and therefore certain interest groups used their power to influence the voting process in their interest.

During the revolution, the people had held the military in very high esteem. Now that it has assumed power, it is supposed to ensure the transition to democratic structures. It is only natural that there should be protests when instead of this they carry out reactionary policies against the revolutionary demands.

The military has no real interest in simply handing over power to the people and thus endangering their own power. The military’s privileges are manifold and involve immense financial advantages. Who would favour democracy if this means personal decline?

Thus, a democratic theatre piece is being played in the foreground, while the choreography of chaos directs the moves in the background, which divert people’s attention from the themes and issues that really concern them. This had worked well during the revolution, and these methods also work well now: Again and again there are pro-Mubarak demonstrations, although it is clear that most of the demonstrators are being paid by the old system’s profiteers.

The security situation is not very clear because of the continuing attack by paid thugs, who are to spread fear and unrest.

The police continue in large areas to no longer be visible in public anymore and not do their duty since the days of the revolution when Mubarak’s regime had withdrawn them from the streets while releasing criminals from jails.

Attacks by known religious extremists feed animosities between Muslims and Christians in order to divert the focus from the political to the religious and in order to water down the political-social targets.

Another delay tactic used by the Military Council to ensure it can hold on to its hitherto untouched power, and which makes the transition to a demo-
ocratic form of government more difficult: The Military Council appoints commissions, whose members are in their favour. Although supposedly representing the people’s interests, they only dispense necessary political change in small doses, take it back again or sovereignly change it. Thus, only public pressure or continuing public protests lead step by step to any changes towards democracy.

This is why, in the last weeks, a lot of Egyptians have made their demands for political renewal clear again in ongoing demonstrations in Tahrir Square. However, the revolutionaries were purposefully discredited in the public opinion by the official media; the idea was propagated that they were responsible for the bad economic situation, because they didn’t give the country a moment’s peace.

The Muslim Brothers and their extremist faction, the Salafists, are the beneficiaries of the situation. During the revolution they had played an interesting role. Originally, the Muslim Brothers had criticised the revolution. This fit into the left’s long-time assessment of the Brothers as not being against the repressive system of the authoritarian state as such but only wanting a stronger Islamicisation of the legal structures. They later succumbed to the pressure of their younger members and completely backed the revolution. It is clear that they see an important role for themselves in the future government of the country.

This is absolutely fine for the military, because the Muslim brothers are not seeking an upheaval in the existing power structures. Financed by the Saudis and tolerated by the Military Council, the Muslim brothers and the more religiously extremist Salafists are expanding their influence among the poor and ignorant rural population that has been made very insecure by the current economic crisis.

The first political reforms by the Military Council already subtly supported the Islamists: the party law, promulgated in June, favours rich organisations with many members. To found a new party 5,000 initial members are required, each of whose membership declaration has to be certified by an expensive notarised procedure.

Additionally the members’ list has to be published in two leading newspapers, which costs millions. The Muslim Brothers, during their “opposition” time under Mubarak, were the only party that already had an organisation with broad impact and access to a lot of money. Thus, the new party law is no obstacle for them.

The rich offshoots of the old National Democratic Party can, like the newly founded parties of the well-to-do rightists and liberal-conservatives, also easily overcome the financial hurdle in order to constitute a party. The only ones who cannot get through the financial hurdles are those groups that also
wish to represent the interest of the poor.

But there are also other obstacles on the path of supposed democratisation: There is much discussion and division among the politically active as to whether the planned elections should take place before or after the drafting of the new constitution.

Those in favour of elections before the draft constitution want a new government elected as fast as possible and are willing to accept the risk that the power of the president might remain unlimited, just as before the revolution. They then would expect this government to redraft a new constitution that limits its own powers.

Opponents of this model demand the drafting of the constitution by an independent commission that includes representatives of all groups, classes and levels of society, before any new elections are envisaged.

The Military Council offers to have the constitution drafted by a commission they would appoint made up mainly of well known regime-friendly Muslim Brothers, while calling for elections as quickly as possible irrespective of the constitution problem.

It is evident that really free and democratic elections are not possible in this precipitous way, and that in this case the people would not really know what kind of government they are voting for and on exactly what constitutional basis.

The public protests in the last weeks on Tahrir square have something to do with this problem, and the last word has not been spoken yet. Initially there was a general consensus among the protesters to wait for the end of the fasting month of Ramadan and then to see what the Military Council decides about elections. After all, there has been a continuous series of new public announcements in the last weeks and no one now knows exactly what the current status quo is. Before Ramadan, they had announced the elections for November. We are all waiting for the end of the feast at the beginning of September to see if new decisions have been made in the meantime.

Certain conditions would have to be fulfilled to enable truly democratic elections, but realising these conditions still lies in the distant future: A party and electoral law would have to be passed by a democratically elected commission with a popular mandate. As we know, such a commission does not exist.

The financial barriers that the new party law imposes on new party foundations have up to now only allowed a few parties to constitute themselves, which do not reflect the true variety and breadth of interest in the population. The new electoral law revised by the commission appointed by the Military Council corresponds to the old one, with only a few passages hastily reworked.
What is more, ideally the new electoral law should be based on a new constitution, and this is of course not the case.

There are further structural problems that stand in the way of free and democratic elections: There are no voter lists. During the March referendum, everyone could vote if he had an ID and in any election bureau irrespective of his home region. This has proven to be chaotic. Transforming the handwritten data from March into voter lists in barely six months is impossible, and the voter lists of the old government are faulty and incomplete. Therefore the possibility of creating relevant voter lists within such a short time remains an enigma.

A further important point is that democratic elections need voters who know their rights and their duties. Methods for fair election campaigns and free and secret ballots are unknown in this country and require deliberate public voter education.

For this there is not enough time or interest on the part of the military government. Instead, elections are to be pulled off as quickly as possible with the most predictable possible result that permits the military and the ruling class to continue just as before, only this time under a modest democratic cover.

In order to pre-empt any criticism of this not-so-democratic development, international election observers will not be allowed, according to the time-tested model.

When forbidding election observers, the Mubarak regime had argued that Egypt could take care of itself. The same goes for the upcoming elections.

Nevertheless, this time national observers are allowed, but only during the voting process. The preparatory phase and the vote counting takes place without public scrutiny. The transition to a democratic future under the military’s friendly supervision promises an interesting time to come.
The Israeli Embassy was in flames yesterday. Angry demonstrators broke down the protective wall surrounding the building and set it on fire. As a precaution, the Israeli ambassador has left the country. The military police has sealed off the area and taken control of the situation.

It has long been evident that the majority of the population, unlike all previous governments, rejects the normalisation of political relations with Israel. Recently, too, there have been many incidents that have ignited the anger of normal citizens, be it the business contracts at the cost of the Egyptian taxpayers (i.e. the sale of Egyptian gas to Israel way below world market price, that has been maintained after the revolution) or the killing of five Egyptian soldiers at the Sinai border, which was declared to be an accident and has had no diplomatic consequences.

Nevertheless, there is the question of how an enraged mob could attack the Israeli Embassy and tear down a strong high wall in a narrow street that could easily and quickly be closed on both sides by two tanks or lorries and that is strongly guarded day and night by several riot police lorries on standby.

In every mob there are some people ready to go to extremes, who can misuse group dynamics for their purposes. The majority of the demonstrators in Tahrir Square had very clear demands pertaining to domestic politics, the future of the country, elections and how to deal with the arrested representatives of the old Mubarak regime.

Gabriele Habashi, September 9, 2011
One should distinguish these demonstrations very clearly from the violent attacks on the embassy. The latter can only occur through deliberate whipping up of the masses in order to fulfil a clear agenda.

The question is who is going to profit from the recent events? The media broadcast the events, and the whole world suddenly looks spellbound at Egypt again. It is very easy to instrumentalise these events.

The military can now safely flex its muscles and impose stricter controls on the masses. Demonstrations can be restricted without the military being accused of impeding the democratic process because now security is the issue. In recent years, this argument had been used in the US and in Germany in order to legally restrict citizens’ rights.

Egypt’s image as a land full of unrest allows for sanctions against the people and their revolutionary demands. The fire in the Israeli embassy will probably not turn into a wildfire; but it might suffocate the democratic beginnings in the bud.
Ecce Homo (1980)
In many discussions the increase of extreme right-wing and right-wing populist parties in a growing number of European countries is regarded as if it were only a matter of parallel individual national phenomena. But there is also a European dimension that is unfortunately rarely considered, one that concerns all parts of Europe including the centre, the east and the north.

In the period between June 2009 and March 2011, right-wing parties obtained 155 of 3,066 seats in 13 parliaments, which means approximately 5% of total representation, leading to the entry and or reinforcement of nationalist and right-wing populist or extreme right-wing parties in national parliaments, for example, ATKAKA in Bulgaria, Jobbik in Hungary and LAOS in Greece. This trend was also expressed by a strengthening of right-wing populist, Euro-sceptical parties in the European Parliament elections in 2010 and continued with elections in the Netherlands and in Finland.

Even though national specifics are relevant to understand the phenomena, these developments may indicate a profound change in the political geography of Europe as an entity.

At first sight, the extreme right-wing and populist party spectrum in Europe seems still to be fragmented. Yet the overlaps that can be seen demonstrate that a process of formation is underway, i.e. between the party grouping in the European Parliament: on the one side the “Europe of Freedom and Democracy“ (27 MEPs) founded in 2009, whose member parties include, among others, the “United Kingdom Independence Party”, the “The True
Finns”, the Lega Nord (Italy) and the Greek LAOS; and on the other side the “European Alliance for Freedom”, founded in 2010 by members of the Austrian FPÖ, the German “Citizen in Rage”, the Hungarian Jobbik, the Sweden Democrats, and here too “The True Finns” and the “United Kingdom Independence Party”.

In addition, a double strategy can be discerned. While the EP grouping has attempted – through a careful selection of its member parties (for example, they refused the FPÖ) and a generally more moderate appearance – to show itself to be capable of alliances when confronted with the traditional and conservative right, the composition of the Europe Party openly exhibits a still existing closeness to right-wing extremism.

In this the Austrian FPÖ plays a special role, with recent election successes proving that close relations to right extremism and neo-Nazism can be retained and does not necessarily contradict the developing of a modernised populist discourse.

However, visible proximity to traditional right extremism is not common for all the parties who are today making their mark on the right-wing margins of the political spectrum. While some of them are but transformations of, or splits from, parties of the rightist “mainstream”, another section represents veritable new foundations. That is why traditional anti-fascist rhetoric and forms of mobilisation, as necessary as they still are, are no match for today’s populist right challenge.

In the last issue of “transform!” eight examples of extreme right and populist parties are examined. Phenomenologically speaking, four points of commonality appear:

A discourse whose centre is formed by the triad “security – immigration – unemployment”. All parties under scrutiny see immigrants as culprits for an allegedly growing process of criminality and unemployment. They call for a strong state with authoritarian traits and the closing of borders to impede further immigration.

Anti-Islam as well as the rejection of multiculturalism meanwhile constitute common points of reference between the populist right and the right-wing parties of the “mainstream”, as recently demonstrated by Mrs. Merkel’s public statement that “multiculturalism has failed”. In this way the ground is laid for broad legitimation of extremist right-wing movements. (Furthermore, the examples of renowned writers such as Peter Sloterdijk or Alice Schwarzer show that this development radiates widely, even into liberal intellectual circles.)

Most interestingly, in the course of the capitalist crisis all parties under consideration have replaced or at least amended their hitherto neoliberal discourse, primarily directed at sectors of the middle-class, with a statist and na-
tionalist, protectionist agenda. With their appeal to the social fears of large parts of the populations individual parties were successful in intersecting a broad popular electorate and gaining up to 20 and 25%, in some cases even 30%, of the popular vote. It is in these cases that we can truly speak of a “populist” right wing.

With such voting results, these parties not only force their agenda onto other political parties, including the social-democratic parties, but also conquer key positions in terms of government formation.

Right-wing electorates that remain fairly stable over 20% as well as the big abstention rates in a number of countries indicate a decrease in the legitimation of the political systems and perhaps the upcoming political crisis of a number of states, for example those whose political systems are traditionally rigid, like Finland, the Netherlands, Belgium or Austria.

In this context “populism” in a scientific sense means to appeal to large sections of society in order to mobilise them against the existing system of power management. We ought to take this “anti-systemic”, populist appeal seriously.

As the example of the Austrian FPÖ, which after a six-year long government participation has been catapulted close to an abyss of total fragmentation, shows: As long as the goal of changing the hegemonic systems is not shared at least to some degree by parts of the ruling class it becomes difficult or even impossible for the right-wing parties to take institutional responsibility and hold on to their populist appeal. Some of them may then opt to stay in opposition, even when they are asked to join a government, as the True Finns did after their recent electoral success.

The question arises whether at a certain point in the course of capitalist crisis – whose systemic character becomes increasingly apparent – the desire for a fundamental change will arise within parts of the ruling class. Or to put it differently: Does the advance of populist right-wing movements as supported by parts of the mainstream media, besides expressing popular discontent and frustration, also indicate such a political desire, at least for parts of the ruling class – for example, the desire for a new post-neoliberal hegemonic project?

In this context, the crisis of the European integration process offers an ideal point of departure, as it results in the deterioration of the life conditions of millions of people and is accompanied by an increase of authoritarianism resulting from the crisis.

The populist right wing is quite clear regarding this, as their social, economic and political agenda nowadays converge on one point: a revival of nationalism and hostility to any European integration, the “préférence na-
tionale”, the “true nature of Finns”, “Grand Rumania”, or the call of “Hungary – or Austria – first”, etc.

Politically they connect social demands with the call for national protectionism as privileging their “own”, national economy, a reintroduction of border controls to prevent immigration, tolls for foreign trucks, taxes on foreign commodities, goods and services, limiting the access of foreign students to “our” universities stopping monetary transfers to the indebted states, not incidently labelled PIGS, etc. These challenges – combined with promises to hold the crisis at bay in one’s own country – can be found in the programmes of all parties considered as well as in the European umbrella organisations. The empirical evidence shows that the populist right has nowadays become a nationalist right.

We should be clear: The austerity programs of the EU and the IMF and the way in which they are implemented negate the democratic rights achieved in the nation-states and the national dignity of the concerned countries, which the left cannot accept. However, the nationalist interpretation, rather than a social and economic analysis, leads into a double trap.

It would not only strengthen the populist right but also support the strongest strain of nationalism in Europe which – as we can read in German magazines and hear at symposia – calls for a new arrangement within European relations, for example, by splitting the Euro zone into strong and weak regions.

Undoubtedly the question is complicated for the left. It must oppose the austerity policies of governments, the IMF and European institutions at the same time as it opposes the populisms which try to exploit them to foment of nationalisms. This, in my opinion, requires a firm and “class-politically“ grounded independent stance advocating that the defence and extension of the social welfare state in Europe demands European and solidaristic solutions, which in turn require a profound change not only of state policies but also of the European Union.

Paper given at the Study Meeting of the Joint Social Conference (http://www.jointsocial-conference.eu/?lang=en) on democratic solutions to the crisis of state debts (London, September 30, 2011). The Joint Social Conference is a network of trade-unionists and representatives of the social movements with the aim of developing common European demands and strategies regarding the crisis. The European Trade-Union Confederation is among the supporting organisations.
It is said that the German writer Heinrich Heine (1797-1856) once remarked that if a revolution were to break out in Germany, he would flee to the Netherlands, since there everything happens fifty years later. Whereas this insight might have had some relevance in the mid 19th century, today it seems out of date.

Not only is the Netherlands well connected to a global political network; in some respects it has turned out to be the forerunner of many of today’s political developments, whether we like them or not. This is most certainly the case when it comes to a new wave of radical right movements that has swept across the European continent since the turn of the millennium. The Netherlands has had more than its fair share of these movements. We witnessed the rapid rise and subsequent fall of Pim Fortuyn and his movement in the early 2000s, and subsequently have seen the rise of Geert Wilders and his movement, support for which grew enormously in the 2010 national elections, where his Party for Freedom (PVV) acquired about a sixth of the votes, enough to give it a pivotal position in the current political landscape. Although the PVV is not a formal member of the government, it actively endorses the minority government of Christian-Democrats and centre-right Liberals.

In return, this government has promised the PVV to enact strict policies on immigration and integration. But what then explains the success of the PVV? To what extent are they specific to a European context? And what would be a
potentially successful strategy for the left in opposing the agenda of Wilders and his allies? These are questions we will attempt to address.

**Beyond electoral volatility rates – the reasons for the rise of the populist right**

The Dutch political scientist Arend Lijphart used to characterise Dutch society and its political representation as a system of “pillarisation”. During the first twenty years after the Second World War the Netherlands was divided into different societal groups based on class and religious divisions. These groups had their own newspapers, radio broadcasting, business and trade-union organisations, feminine and youth organisations, cultural activities and even sport clubs. These pillars of society scarcely interacted: only the political leaderships engaged with each other in a reasonably constructive manner in order to facilitate the rebuilding of a war-torn society. This led to a political system in which there was only a limited exchange of votes in every election and where Social-Democrats, Christian-Democrats and Liberals divided power between them. At the same time, the system left no room for any serious opponent of the existing political order, either on the right or left of the political spectrum.

This political stalemate has, however, dramatically changed since the 1970s, when processes of secularisation and emancipation undid the societal order. Student movements, the second feminist wave, the peace movement and a rising environmental movement altered the political constellation. Electoral volatility increased, resulting in 1994 for the first time in a government without the Christian-Democrats, which had always been the leading party. Electoral volatility increased even more in the early 2000s. First, Pim Fortuyn led a revolt against the existing political class, resulting in increasing politicisation of cultural issues, such as the role of Islam in Dutch society. His assassination, an unprecedented event in Dutch political history, did not prevent his party from obtaining one sixth of the vote in 2002 even without a leader.

However, without serious leadership this movement crumbled after his death, as various contenders publicly fought over his heritage. The political pendulum then quickly moved in favour of the Socialist Party (SP), which acquired twenty-five seats in the 2006 election, a share of the vote comparable to that of Fortuyn’s party four years earlier, almost tripling its score from the previous general election.

Neither the Christian-Democrats, who had re-emerged in the early 2000s, nor the Social-Democrats, were willing to enter into a coalition with the SP and chose a smaller coalition party with which to form a government. The
2010 elections then saw the rise of Geert Wilders and his party, which benefited above all from a landslide defeat of the Christian-Democrats.

These high volatility rates have led many commentators to conclude that the Dutch electorate was adrift and that “the populists” on both ends of the political spectrum were succeeding in mobilising discontent. And whereas such conclusions might contain some elements of truth, they fall short of a real understanding of what has been happening in the Netherlands, and probably elsewhere in Europe as well. Without making any attempt to give a complete account, a few deeper trends do jump to the eye in trying to understand the political turmoil of the last decade.

First, we find the rise of a new division in Dutch society, or better a re-configuration of the old class division in the light of processes of Europeanisation and globalisation. Bluntly speaking, these last two processes have sharpened the distinction between the “haves” and “have-nots” in Dutch society. At the same time, the more highly educated part of the Netherlands’ population, who in general have better incomes and suffer less from unemployment when the economy faces problems, as it did during the early 2000s and during the recent financial and economic crisis, have a reasonably positive view of their position in society and of the challenges of economic restructuring in the light of a new economic order.

Consequently, they see globalisation and the Europeanisation as represented by the European Union as positive developments in the sense that these processes increase self-determination and open up new opportunities in the Netherlands and abroad. On the other hand, we find a large section of the population which is struggling in the face of these developments. They see jobs disappearing to Eastern Europe or Asia, while they have a hard time finding new ones. Consequently, they see globalisation and Europeanisation, and thus the European Union, primarily as a threat. This division – among others – came to light during the 2005 referendum on the European Constitution, which was rejected by a two-third majority of the electorate. Here we clearly saw that the higher income groups of the Netherlands tended to be more in favour of the Constitution than were the lower income groups.

Most of the existing parties, whether Liberal, Christian-Democratic or Social-Democratic, have for quite some time ignored the rise of this new division and were shocked by the results of the referendum, having all campaigned in favour of a “yes” vote. In general, we find that these parties applaud the blessings of European integration and globalisation without addressing the issues of uncertainty among many Dutch citizens or the increasing divide within Dutch society between those for whom these processes offer new challenges, and those who lose from them. This neglect has opened the door for new political movements to focus on the widespread anxiety in
society. In combination with processes of secularisation and emancipation, as well as neoliberal policies which stress the interests of the individual rather than society as a whole, this has paved the way for parties like Geert Wilders’ PVV to enter Dutch politics.

Interestingly enough, Geert Wilders, once a member of the Dutch Liberal party (VVD) started as a dissident in the mid 2000s with a position that can be characterised as economically libertarian. Wilders advocated, among other things, the abolition of the minimum wage, along with a hire-and-fire culture in which laws protecting workers from dismissal would be relaxed. However, as time passed, the PVV completely changed its socio-economic agenda. During the 2010 campaign, Wilders campaigned in favour of the minimum wage and against any changes in the legislation protecting workers from summary dismissal. Moreover, he declared that his party would only participate in a government if it did not change the pension age of 65, a promise that he abandoned, however, a few hours after the polls closed. With these positions, normally considered to belong to the left of the political spectrum, the PVV actively sought the support of workers who fear the consequences of globalisation. The PVV therefore also campaigned against the European Union, which it considers to be an elite project which infringes on Dutch sovereignty and benefits only a limited number of people. Also, on issues like health care and education, it actively took a stance in favour of the workers in these sectors.

These positions seem to have contributed in an important respect to the popularity of the PVV. In combination with fierce criticism of Islam and the problems associated with what Wilders has labelled “mass immigration”, the PVV accurately gauged the sentiment of a large part of the Dutch electorate. Wilders seems to have captured the feelings of both economic and cultural anxiety in the context of the post 9/11 wars on terrorism and the acclaimed clash of civilisations, combining fear of Islam, insecurity in the public in response to the anti-social behaviour of immigrant youths, the marginal position of women and gays in Islamic religion, and fear of strangers in general in times of insecurity.

Whereas the anti-Islam position has probably, and not without reason, caught most attention in the public debate in Europe, it is not the only explanation for Wilders’ success. Rather, it seems to be the combination of the two, drenched in a rhetoric of alienation which takes aim at a Dutch elite that takes good care of its own interests, but neglects forgotten parts of society, that has given Wilders the boost that he sought when he left the Dutch liberals. Although a Member of Parliament for 13 years, he succeeded in creating an image as an anti-establishment figure opposed by elitist politicians of the right and the left who were preparing a total sell-out of the Netherlands.
The broken promises of Wilders and Dutch politics

The reasons for the success of the PVV demand an intelligent answer from the left. In our view, it is too easy to focus only on the PVV’s anti-Islam and anti-immigration stance. Rather, what is needed is an approach that on the one hand seriously engages with the reasons behind Wilders’ success, and thus the blind spots of the other political parties, and on the other hand actively seeks answers to the hopes and fears of many in Dutch society who feel that they are not taken seriously by the political representatives in the Hague.

In this respect the entrance of the PVV in the role of endorser of the current minority government of Liberals and Christian-Democrats is a good starting point in establishing what the PVV is in reality delivering in fulfilment of its social promises. Here we find that within the first four months of this government, the PVV has broken more than sixty of its promises and indeed voted in complete contradiction of its electoral programme. It now supports the compulsory privatisation of local public transportation in the major cities and has voted against caps on salaries for managers in healthcare, a policy that it has in the past always defended. We then also find the beginnings of disappointment among bus drivers and people in the healthcare sector, who earlier considered the PVV a viable alternative to the existing parties. And although it is still in its early days, it is surprising that the PVV, in contrast to earlier elections such as the European Elections in 2009, was unable to mobilise its electorate during the provincial elections in March 2011.

Whether there is a clear relationship between the broken promises of the PVV and this decline of support is still to be determined, but it seems that the party’s popularity is declining to some extent.

In this respect, the challenge is not only to demonstrate which promises in its social agenda the PVV has not delivered on, but also to seriously engage with this social agenda, one which is to a large extent actually copied from parties such as our own, making the struggle of those people our own. This can only be successful, however, as long as we can also demonstrate that such a struggle is worth fighting. In this respect, the challenge is to come up with a clear list of examples where social struggle has indeed led to success and thus to improvements.

The same serious analysis ought to be made for the anti-Islam agenda. Here we find that Wilders has been able to influence the national debate on this issue, but that his success rate with regard to policies will probably not be as impressive. What is to be demonstrated is that the Islam is not the problem and that even if every Muslim were to convert to Catholicism, the problems would not disappear. Instead, what is needed is a strategy that would actually support the integration of newcomers in our society. This would in-
clude decent housing and a good education system. But also in this case, it comes down to demonstrating that such an alternative strategy is more successful than the one Wilders proposes. In this respect, left parties from all over Europe ought to learn from each other, establish critical cases in which they made the difference and develop alliances with the people they wish to represent in order to bring about a better future. This means that we should identify the basic interests of ordinary people, fight together to defend people’s interests and show who is on their side and who is not. If people recognise you as their ally, they are willing to discuss with you the dark side of right-wing populism and xenophobia. But don’t start preaching, be practical.
The massacre on the island of Utøya and the attack in Oslo’s government district targeting the Scandinavian labour movement was horrible, the worst kind of right-wing terrorist act. How could it happen? How could such an extensive and long-term terrorist plot go completely unnoticed by the security police? Let there be no mistake about it, this was a political deed, politically motivated and directed against political targets. Nevertheless, the first official reaction denied this: it depoliticised the terrorist attack as an outcome of madness or evil, directed at everyone, at the “open society” as a whole, to be met with the kind of crisis management appropriate for a tsunami, with appeals for calm, sadness and national cohesion.

Also in Sweden, Prime Minister Fredrik Reinfeldt appealed in his press conference to the need for cohesion and national unity, rather than focusing on the political threats to us, since such a discussion would only benefit the “extremists, living in symbiosis with each other” – extremists, a totally non-political force, a form of hooliganism without motives.

Why does it hurt so much to analyse this new right-wing extremism? Why aren’t we even allowed to attach the epithet “right-wing” to it? Security-police analysts sitting on sofas in front of TVs have assured us that they have good intelligence on the “white-power milieu”. Yet they could not foresee this attack. These two aspects are interrelated. They are part of the same blindness. The searchlight has been turned in the wrong direction. We do not have one extreme right-wing anymore, but several. The new form of right-wing
extremism that has taken shape in Europe over the past five years did not emerge from the periphery. It did not emerge from the neo-Nazi groups or white-power milieu (a designation that neo-Nazi groups themselves stopped using ten years ago, when the white-power music scene fell apart). It did not emerge from the street-fascist movement that the security-police routinely monitors.

The terrorist deed came from within established right-wing populism, the extreme right today considered to be housebroken, euphemistically called “immigration-critical”, “Islam-critical”, “xenophobic”. It has much closer links to Sverigedemokraterna (the Sweden Democrats) than to Svenska motståndsrörelsen (“the Swedish Resistance Movement” – a Swedish openly Nazi group with around 100 members) or Fria nationalister (“the Free Nationalists” – a looser network of Swedish neo-Nazis), the heirs of the white-power scene. This new current is an extreme right wing acting on a European level rather than nationally, being pro-Israel and pro-Zionist rather than anti-Semitic, Islamophobic and culturally racist rather than rooted in racial ideology, seeing the cultural struggle as a major venue, and disguising its rhetoric in a supposedly “anti-racist” language rather than an onerous and stigmatised extreme right-wing rhetoric.

It increasingly appears that Anders Behring Breivik’s massacre of young leftists was planned far in advance and the target selected with care, to provide maximum shock effect in the community and maximum circulation of Breivik’s opinions, summarised in the 1,500-page copy-and-paste manifesto “2083 – A European Declaration of Independence”. The diary part of the text shows how the terrorist action was planned in detail, making it one of history’s best documented acts of terrorism. The massacre was only a means to draw attention to Breivik’s worldview and provoke more terrorist acts. Instead of focusing on those in power with high positions, he chose to focus on the grassroots, those without personal protection – a “quantitative” act of terrorism rather than a “qualitative” one. The number of slain young people would give his deeds greater impact and shock effect than would a single act of terrorism directed against the “heart of power”.

Breivik’s views, as expressed in the manifesto, are well-entrenched in the two pillars forming the basis for the new European extreme right wing: counterjihad and cultural struggle.

**The Counter-Jihad Movement**

The Counter-Jihad Movement has arisen from the straggling Islamophobia that has grown since September 11, 2001, inspired by the conspiratorial Eurabia theories. In the past five or six years, a network of European blogs has
been created, gathered together under the label Counter-Jihad. The leading ones have been Gates of Vienna, Brussels Journal and Fjordman from Norway.

In April 2007, the network came together for a joint meeting in Copenhagen, “UK and Scandinavia Counter-Jihad Summit”. The meeting was organised by the bloggers of Gates of Vienna and Fjordman to bring together and coordinate the new movement, supported by Anders Graver Pedersen’s Danish network Stop Islamicisation of Denmark (SIAD). In addition to a myriad of bloggers from Norway, Denmark and Sweden, one sole Scandinavian party participated with a representative: Ted Ekeroth from the Sweden Democrats. This event was followed by annual conferences in Brussels in 2007, Vienna in 2008, Copenhagen in 2009 and Zurich in 2010.

Gates of Vienna summarises the movement’s goals in a brief manifesto:

“The goals of Counter-Jihad are:

1. To resist further Islamicisation of Western countries by eliminating Muslim immigration, refusing any special accommodations for Islam in our public spaces and institutions, and forbidding intrusive public displays of Islamic practices.

2. To contain Islam within the borders of existing Muslim-majority nations, deporting all Muslim criminals and those who are unable or unwilling to assimilate completely into the cultures of their adopted countries.

3. To end all foreign aid and other forms of subsidy to the economies of Muslim nations.

4. To develop a grassroots network that will replace the existing political class in our countries and eliminate the reigning multicultural ideology, which enables Islamicisation and will cause the destruction of Western Civilisation if left in place”.

The main ideologist and organiser of the network is the Norwegian pseudonym Fjordman (Peder Jensen), who also guest-writes at Gates of Vienna and Brussels Journal. Breivik calls the ideology he accedes to the “Vienna School of Thought”. Most of Breivik’s manifesto is directly copied from Fjordman’s texts, and Breivik declares Fjordman to be his favourite author. After the terrorist deed there has been speculation about the link between the anonymous Fjordman and Breivik. On his blog Ted Ekeroth has himself defended Fjordman, insisting on the separateness of Fjordman and Breivik. At Gates of Vienna Fjordman argues that he never met Breivik in person.

Godfathers and financiers of the Swedish branch of the Counter-Jihad movement are the brothers Kent and Ted Ekeroth of the Sweden Democrats, who conducted a series of anti-Islamicisation conferences. Their Anti-Islam-
icisation fund finances the movement’s conferences. Member of Swedish Parliament and international secretary of the Sweden Democrats Kent Ekeroth is also a signatory of the bank account for the important Swedish movement-blog *Politiskt inkorrekt*/Politically Incorrect.

If the Counter-Jihad bloggers’ role in the first place has been to conduct a “cultural struggle”, more political initiatives have emerged from the movement as well. Anders Graver Pedersen’s SIAD has tried to create a European equivalent through Stop Islamicisation of Europe, SIOE. The Counter-Jihad movement and SIOE have also shown great interest in the emergence of the militant movement English Defence League from the British football hooligan scene. Through a combination of Facebook, social media and provocative violent demonstrations in front of mosques in connection with football matches, the EDL quickly grew into a major mass movement and is described by the British police as the biggest threat to internal order in the UK. EDL’s ideologue Alan Lake was invited by Kent Ekeroth to his Anti-Islamicisation conference in 2009 and in the summer of 2010 the Swedish equivalent, the Swedish Defence League was formed by a group of SD backers.

Breivik showed great interest in the English Defence League, and on the Norwegian forum Document.no he has advocated the start-up of a Norwegian counterpart to strike at the Norwegian anti-racist organisations. On the forum he describes how he has been using the EDL’s Facebook group to spread his propaganda material, has had chat contact with several leading EDLers and helped them formulate ideological texts. Breivik and the EDL have shared the same fascination for, and identification with, the Crusaders as a symbol of the struggle against Islam.

Norway’s central forum for an anti-Islamic discussion is journalist Hans Rustad’s Document.no, founded in 2003. In the past year, the association “Documents venner” (Friends of Document) was formed, organising seminars with big names from the Counter-Jihad movement (like Roger Scruton), but also personalities like the Swedish provocative artist Lars Vilks, who has been a target of threats from militant Islamicist activists since he portrayed the prophet Mohammed as a dog. Breivik has been an active writer on the forum and also participated in the seminars. At the forum, he advocated that Rustad’s site become the basis for a cultural conservative newspaper and tried to promote the creation of a Norwegian EDL or a Norwegian version of the Tea Party movement. Document.no has collected Breivik posts here.

Thus in the space of only a few years, the Counter-Jihad movement has evolved, with ramifications for the parliamentary sector, a “cultural-struggle” current operating through the blog networks, a militant street branch – which now with Breivik had their first terrorist expression. These different expressions cannot be understood individually, but must be assessed on the
basis of the whole that they constitute and the interactions that occur between their various branches. What distinguishes the different branches is one of degrees, not of species. Their basic analysis and world view is the same, the only difference between them is the perception of temporality, how imminent and urgent the threat of Islamicisation is. The “moderate” elements believe that the war against Islam has not yet broken out, that there is still a chance to reverse the process politically and curtail the expansion of Islam – while the militant elements (both the street militants like the EDL members or the terrorist ones with Breivik) consider the war to already be upon them, the political class to be corrupt to the core and time far too short for anything but direct acts of resistance. 2083, the main title of Breivik’s “terror manifesto”, is meant as the year in which Islam will have won the war and it will be too late to act – an allusion to when the Ottoman Empire stood at the Gates of Vienna 400 years earlier and “threatened European civilisation”.

Cultural Struggle

Islam should not be seen as a religion but as an ideology, according to the Counter-Jihad Movement. The movement equates Islam, Communism and Nazism as three forms of totalitarian ideologies. The Marxist ideology is considered guilty of having opened up the doors for the process of Islamicisation, with the goal of destroying the Western world.

The way they view the left is taken from the French New Right (Nouvelle Droite) and their discussion of cultural struggle and meta-politics. According to this view, the left in 1968 tried to challenge capitalism and lost the battle for political and economic power; however, it managed to take cultural power. Economic “hard” Marxism collapsed with the collapse of real socialism, while “soft” Marxism was able to keep its grip on the institutions producing knowledge and ideology: education, research, culture and media. Through their controlling of the production of ideology the left achieved a cultural hegemony, the privilege of formulating problems and thus setting the framework for the fundamental values and norms which since then have shaped all politics. The root of this “soft”, infiltrating Marxism, “cultural Marxism”, which accomplished its “long march through the institutions”, the Nouvelle Droite saw in Gramsci’s theories of hegemony and in the Frankfurt School. The concepts of cultural Marxism, multiculturalism and political correctness are used in a parallel manner by the Counter-Jihad Movement to describe the same phenomenon.

In Sweden, these theories have mainly been put forward by the Nordiska förbundet (the Nordic league – a neo-Nazi think-tank with the publishing house Arktos), their blog portal Motpol and the internet community
Nordisk.nu (where Breivik had an account). The “meta-political” struggle, the struggle for problem formulation, words, concepts, norms and values is seen as the precursor of politics, and the blog authors and “trolls” of the comment fields as a vanguard in this cultural struggle. The fight against “political correctness” and the underdog perspective that unite the extreme right (and parts of the established right) are in the theory of the new right formed into a coherent political project.
Right-wing Populism in Germany too?

A European Trend and its Special German Features

Gerd Wiegel

The wave of right-wing populist electoral successes continues to sweep across Europe: Scandinavia is now completely riddled with parties of this type. Austria, Italy, the Netherlands, Belgium and France, not to mention other countries, – all have successful right-wing populist parties. But there is one striking exception: present-day Germany has no successful right extremist party that fits the right-wing populist label. This may soon change, as may be seen from all current surveys and studies of attitude patterns in the population. Still, there is currently no formation in sight that one can imagine scoring successes like those of the Wilders party in the Netherlands or the Freedom Party (FPÖ) in Austria, although there are at least two groupings – the “Freedom” party and the “PRO-Germany” movement – that want to cash in on the successes of European right-wing populism. How is this German peculiarity to be explained, and what potentialities do we have here? These questions will be dealt with below, but first we will take a brief look at successful right-wing populism and the forms it takes.

Stylistic elements of right-wing populism

What is new about today’s type of right-wing populist party is its political style. Although it draws on numerous ideological elements of the extreme right as far as issues are concerned, it avoids the stale antics of neo-fascist parties and disassociates itself from anything that smacks of glorification of
Nazism. Above all, in the 1990s, some parties managed to incorporate popularised elements of neoliberalism into their platforms, thus making themselves respectable enough to enter into coalitions with conservative or liberal parties. The successful parties of the extreme and populist right also managed to pose as being aloof from the day-to-day business of politics, thus profiting from the widespread distrust of the mainstream parties. With the dawn of the 21st century and the return of social issues to the political arena, the ideological flexibility of these groupings became apparent. They proved themselves capable of including social issues in their policies – in some cases even without abandoning their neoliberal positions. This linking of heterogeneous, indeed mutually exclusive, positions was successful owing to the racism peculiar to all these parties, which now appears mainly in the guise of anti-Islamism.

Populism as a concept is associated with the mass of the population, whose desires, yearnings and needs it claims to express. Populist arguments presuppose a friend-foe confrontation, enabling the various political problem areas to be divided up into good and bad, pro and contra. Populism is also characterised by a clear distinction between the “underdogs” – the ruled – and the “top dogs” – the rulers. This distinction makes it possible to see oneself as a mere object of politics and the populist party or movement as representing the interests of the little people against the “top dogs”.

A specific mixture of personalised and collectivist arguments is another characteristic of populism. Charismatic personalities and collective identities (nation, people, and “race”) complement one another here. Finally, populist agitation stirs up anxieties and irrational notions and is itself largely anti-intellectual. For right-wing populism these stylistic elements of political agitation have many uses. The friend-foe confrontation and the “us” and “them” confrontation can be used for quite different arguments. In traditional right-wing extremism we find sections of the population being included and excluded according to racist criteria. The homogeneous, racially/ethnically defined nation is distinguished from those who do not belong, the foreigners, aliens and others. This traditional racist argument can be supplemented by an argument that places more emphasis on the neoliberal performance criterion by denouncing the “spongers”, “ slackers” and outsiders of society, who are identified as not belonging. Both arguments are to be heard in all right-wing populist parties.

Germany – a special case?

At present the most successful party of the extreme right in Germany is still the NPD – an anti-system, fascist-leaning party of the “old” right oriented to
The Nazi model. However, one may venture the theory that this type of party will not have any real power option for the foreseeable future. The only option of the extreme right is to seize on right-wing populist developments and convert the existing potential into votes for its own political programme. The “German Conditions” series of analyses by Heitmeyer and others issued over the past nine years, the studies by Decker/Brähler on extreme rightist attitude patterns among the German population, and the latest Forsa survey commissioned by the weekly Freitag, repeatedly confirm the existence of such a potential. Those dissatisfied with the actual figures could see from the Sarrazin debate how key topoi of right-wing populism seem to be endemic in Germany as well.

The Sarrazin debate involves all the substantive and formal elements of successful right-wing populism: a manifest ideology of inequality and exclusion, which is directed as much against ethnically and biologically defined minorities, as against those who fail to live up to the demands of capitalist society; the demand for a consistent policy of preventing any further immigration of people who are defined as culturally alien regardless of their attested rights; an aggressive attitude to people from Islamic countries; the arousing and intensifying of resentments against certain sections of the population who are held responsible for existing social crises; and, finally, a general rejection of mainstream politics combined with the adoption of an outsider stance.

What is both remarkable and unsettling about the Sarrazin debate is that it also finds a strong positive echo among the political elites, thus reinforcing the latter’s ideology of inequality and exclusion. Peter Sloterdijk’s support for the “achievers” of society and Gunnar Heinsohn’s diagnoses of the reproduction of poverty as a result of the above-average reproduction of the poorer strata of the population – against which decisive action is required – fit in very closely with the theses popularised by Sarrazin. That such a mixture, especially in view of the success of Sarrazin’s book, is not without a positive echo in the political class, is clear. Whereas the biologist racism (“Jewish gene”, etc.) used by Sarrazin originally caused numerous politicians to keep their distance, this was followed by a second wave of “Yes, but” reactions, claiming that at least Sarrazin’s diagnosis was correct, and that political action against further immigration by certain groups (i.e. Muslims) was necessary.

With breathtaking speed the laboriously achieved consensus that Germany is a country of immigration was cancelled (Seehofer); the multicultural society was declared a failure (Merkel); stricter sanctions against those supposed (without evidence) to be “integration-shy” were demanded (Gabriel); and blatant assertions of an anti-German racism on the part of immigrants were
made (Kristina Schröder). This kind of debate can only strengthen prejudices, the urge to exclude, and the stigmatisation of certain sections of the population, thus confirming the theses of right-wing populism.

The Forsa survey published in the weekly *Freitag* (May 13, 2011) showing the degree of agreement or disagreement with key propositions of right-wing populism is further proof that such debates have the effect of influencing and determining moods: 38% of respondents agreed completely or partially with the proposition “Islam is incompatible with our Western way of life and a threat to our values”, while 49% shared completely or partially the view that “immigration to Germany should be drastically reduced”. On the EU issue, the second main vote-winning issue – after anti-Islamism – for right-wing populism, as many as 70% agreed wholly or partially with the view that “All things considered, Germany gives too much money to Europe”, while 30% shared wholly or partially the view that “We need an independent Germany without the euro and without any political interference from the European Union”.

If one looks at a breakdown of the results by respondents’ party preference, it becomes clear that an above-average proportion of Die LINKE voters agree with these propositions. This indicates the heterogeneous social base for right-wing populist attitudes. Whereas the real losers of globalisation are responsive to racist and nationalist slogans, it is the middle classes potentially threatened by decline who swell the ranks of right-wing populism in many European countries. Sociologists call this “subjective deprivation”. In the 2010 regional elections in Italy the Northern League achieved a breakthrough into the working-class strongholds of the north, while in Austria the FPÖ became the most working-class party as long ago as 1999 – both serious alarm signals for the left. Surveys of views on topical issues show that Germany has just as great a potential for right-wing attitudes as many other European countries. What is missing here, however, is a successful party project to turn these attitudes into election successes.

**Right-wing populist party projects in Germany**

In Germany there are two groupings currently trying to benefit from the successes of European right-wing populism: the “PRO Germany” movement, with its numerous regional offshoots, and the “Freedom” Party founded by the former Berlin CDU deputy René Stadtkewitz. Whereas the “PRO” movement, on the basis of its history and cadres, clearly originates from the extreme right spectrum, “Freedom” belongs more on the right fringe of the CDU. Stadtkewitz left the CDU after his highly controversial invitation of the Dutch right-wing populist Geert Wilders to Berlin. For both parties anti-
Muslim racism is the big issue, and in this case the Sarrazin debate was undoubtedly a clear confirmation of this orientation, although neither grouping has been able to make much political capital out of it so far. By the time of the Berlin elections of September 2011 we shall see whether one of the two groupings has the makings of a serious player on the right-wing spectrum. So far, despite the above-mentioned agreement on right-wing issues, it does not seem likely, which is probably due to the absence of political leadership figures among right-wing populists in Germany (editors note: in these elections, the NPD received 2.1% of the vote, and the Pro-Deutschland 1.2% with Freedom at 1.0%).

Wilders, Bossi, Le Pen, Haider – for most right-wing populist parties that have been successful – at least for the adherents – one can point to a charismatic leadership figure who brings together the various heterogeneous wings and gives the party a face and a voice. In Germany there is no such figure anywhere on the extreme right. For this reason the speculations on the success of right-wing populism in Germany are associated with such names as Thilo Sarrazin, Friedrich Merz, Roland Koch, or even Eva Hermann. In Germany a political leadership figure who cannot be linked to attempts to relativise Nazism or any kind of anti-Semitism is a key requirement for a successful right-wing project. It is still the memory of the Nazi past that stands like an insurmountable barrier in the way of any grouping that can be shown to be ambiguous about Nazism, not to mention glorifying it. More than in other European countries, the Nazi past in Germany still prevents electoral successes of the extreme right. For this reason, which to a lesser extent also applies to other European countries, the populist right strives to maintain a clear distance from all neo-Nazi groupings. For some of these parties a demonstrative siding with Israel supplements their anti-Muslim racism, finding expression in December 2010 in a so-called “Jerusalem Declaration”, which was signed by representatives of the FPÖ, the Vlaams Belang, the Sweden Democrats and the German “Freedom” party during a joint visit to Israel.

Apart from the Nazi past and the traditional fragmentation of Germany’s extreme right, the formal requirements for a new party project in Germany are also complicated. The law not only requires a centralised federal party structure, but organisations in all federal states. The Schill party, so successful in Hamburg, instantly foundered in its attempt at such an expansion, and whether the Cologne or North-Rhine Westphalia PRO movement will do any better is highly dubious. On the other hand, we must still assume that at least one hypothetical spectacular success for a right-wing populist grouping in the foreseeable future could trigger a dynamic that would pave the way for such a party even in Germany. The question remains – what can and must the left do to prevent such a success?
The task for the left

If we take another look at the Forsa survey published in Freitag and the approval ratings for the statements made there among adherents of Die LINKE, it becomes clear that left voters not only show above-average approval ratings, but also have the highest ratings when it comes to the demand for a reduction in immigration (61%) and disillusion with the EU (57%). The studies by Decker/Brähler have come to the same conclusion. If one also looks at the social composition of the voters of some right-wing populist parties in Europe, one might easily conclude that Die LINKE could find itself competing directly with successful right-wing populism for parts of its voter base. This makes it all the more important that Die LINKE, to which some voters still ascribe the same political outsider status that right-wing populism claims for itself, should formulate clear positions regarding the key issues of anti-Islamism and EU hostility. More effort must be put into presenting the immigration issue as an issue of democracy and social participation in order to do something to counteract the fatal competition between underdogs. And the criticism of an EU that mainly bows to the interests of capital, must be made from a European perspective, without giving up the European and hence the supranational idea. The prevention of successful right-wing populism in Germany is a task for the left.
Pietà (1985)
The Turning Point In Italian Politics: The Victory of the Centre-Left in the May 2011 Milan Elections

Giorgio Riolo

Preliminary remarks

During these days of August and September 2011 there has been much discussion in Italy of the famous “moral issue” in politics, naturally not only regarding the corruption and the intertwining of business and politics in the Berlusconi government (P3, P4, etc.), but also the investigations and the charges against Fillipo Penati, a powerful figure of the Democratic Party in Milan and Lombardy. These accusations involve kickbacks, money that he allegedly pocketed for himself and his party while mayor of Sesto San Giovanni, a large town on the outskirts of Milan and once home to large factories. The town is known as the “Stalingrad of Italy” because since World War II it has been administrated by the PCI (Italian Communist Party), and its successors the PDS (Party of the Democratic Left), the DS (Democrats of the Left) and now the PD (Democratic Party).

Penati was the centre-left candidate for governor of Lombardy in the regional elections of spring 2010. He immediately worked to exclude the PRC (Party of Communist Refoundation (Rifondzione comunista)), now reduced to a small political party after the various splits, from the coalition, and tried unsuccessfully to come to an agreement with the UDC (Democratic Union of the Centre), a political party from the so-called “centre” which arose from the ashes of the former DC (Christian Democrats). To understand the mystery, the true background of this political theatre, it should be remembered that the Formigoni administration (Lombardy governor Roberto Formigoni of the
Popolo della Libertà (PDL – People of Liberty), an historic figure of Communion and Liberation (CL), the most organised and structured wing of Italian Catholicism) which has held power in Lombardy for many years, is founded on the business affairs of the Compagnia delle Opere (Company of Works, the economic branch of CL). Nowadays business in Lombardy and Milan is done as in a Mafia economy: in a given place one “family” or one clan, which is also an economic entity, predominates, and then takes 75% of everything and leaves the remaining 25% to the other clans, according to the written or unwritten rules of “coexistence” and “peace” between the various subjects, while also in conflict and in competition. The Company of Works picks up 75% of the work from major operations, infrastructure, health services, services, etc., while the so-called “red cooperatives”, belonging to the PD today (previously to the PCI-PDS-DS, etc.) pick up 25%. In this context it is easy to see how the so-called opposition to Formigoni by a part of the PD is much attenuated and weakened, amounting to a small political theatre. The same happened in relation to Mayor Moratti, PDL, in Milan before Pisapia’s victory.

These preliminary remarks are meant to convey how hard the severe defeat in the regional elections of spring 2010 hit the left electorate (many disgruntled PD voters and many from the widespread and substantial social left). Many turned to us, Associazione Culturale Punto Rosso, as an association involved for years in the difficult task of left unity, and told us with a view to the road ahead from the summer of 2010 to May 2011, heading towards Milan’s municipal elections, “this time we all go together” with a large coalition ranging from the Democratic Party to Rifondazione comunista. And the hope of many was and is to break with the past, with the “soft” opposition to Formigoni and to Moratti (and in general with the corrupt and corrupting Berlusconi in Italy) and to end the interlacing of business and politics. Pisapia in Milan and, just as significantly, De Magistris in Naples are products of this political and social, but also cultural dynamic, in the “moral” sphere and in “public ethics”, the latter being very difficult to practice in Italy for deep historical reasons (“doppiezza” – ambiguity, insincerity of power – “spagnolismo” – taste for rhetoric and pomp thought typical of the Spanish – of which the 20th-century Sicilian author, Leonardo Sciascia, speaks). With the victories of the June 2011 public referendum on water, the no to nuclear and to the so-called pro-Berlusconi “brief trial”, the swing has been completed, the so-called “Italian Spring”.

What happened and what Milan are we talking about

The process that led to the “Italian Spring” – the turning point and reversal of the attraction of Berlusconi’s excessive powers is very particular. As always
happens in historical transformation processes, the dynamics are twofold. On the one hand, the “lower strata” do not want to live as they did in the past, while, on the other hand, the “upper classes” can no longer conduct things as they did before (the historians of the French Revolution and Lenin).

It has been, on the part of the left, a virtuous process. Instead of being discouraged and depressed, taking refuge in apoliticism (for example, the anti-politician movement around comic Beppe Grillo) or absenteeism, as was the case of many left and centre-left voters after the serious defeats of the 2009 and 2010 elections, this time the left’s electorate regained its confidence and the will to participate – it reawakened. Meanwhile, as the PD in June and July of 2010 had not announced its mayoral candidate due to its usual paralysis (often in search of an entrepreneur to propose), the candidacy of Giuliano Pisapia was launched. Pisapia, lawyer and former member of Parliament for Rifondazione comunista, today in SEL (Left Ecology Freedom) whose national leader is Nichi Vendola, was also supported by some of the enlightened Milanese bourgeoisie. During the following months in Milan the old spirit of socialist reformism and above all, in the final outcome, the spirit of Catholic reformism was reawakened. These spirits are the best legacy of what Milan used to be up to the 1980s, the Milan of the working class, of enlightened capitalism, with a fairly cohesive social fabric despite serious inequities, contradictions, etc. With the huge transformations in capitalism and de-industrialisation, Milan was emptied of the presence of blue and white collar workers, factory work, etc. In their place came a shift to the tertiary sector – the services, the professions – and the large influx of capital from the Mafia economy (Milan is full of law firms, notaries, accountants who launder these funds in a myriad of small limited liability companies, in commercial activities and shops, construction companies, etc.). Finally, in parallel to this structural transformation, first with Craxi and then with Berlusconi, the cultural and anthropological hangover arrived, that which Christopher Lasch calls the “culture of narcissism”, the end of every social tie, methodological individualism, social Darwinism. A nasty human and social landscape, capitalist to the core.

When, in November 2010, Pisapia prevailed in the primaries over Stefano Boeri, the official candidate of the PD, and over Valerio Onida (who came in third in the PD primaries), it was not really very surprising. In favour of Pisapia were the radical (political and social) left, many dissatisfied PD voters and especially the discontented milieus in the world of Catholic Milan, those attuned to the “Church’s social doctrine”. For his victory in the elections of May 2011, Pisapia had the support of the Milanese curia: Cardinal Tettamanzi and especially the Catholic collateralism of the ACLI (Italian Association of Christian Workers), the Charity House and many other social and
cultural organisations. Around the time of the elections in May one of the fathers of the Catholic Milanese entrepreneurship, Piero Bassetti, came out in favour of Pisapia, and it is one of the moves that made the so-called Third Pole (Gianfranco Fini and the Future and Freedom Party – who had just broken with Berlusconi –, Pierferdinando Casini and the Democratic Union of the Centre, and Francesco Rutelli’s Alliance for Italy) decide not to indicate preferred candidates to their electorate, leaving many centrist voters free to vote for Pisapia (out of hatred for Berlusconi). Finally, a major figure of Confindustria (Confederation of Italian Industry, the country’s largest employers’ association), Cesare Romiti, former CEO of FIAT and today one of the major owners of Milan’s newspaper par excellence, the Corriere della Sera, came out in favour of Pisapia.

On the side of the “upper strata” Mayor Letizia Moratti received a historic minimum of votes in the election, not being very well-loved by her own party the PDL, and above all by its ally, the Lega Nord (Northern League), which actually wanted one of its own representatives as the mayoral candidate of the coalition. Many in the Lega Nord base did not vote for Moratti. Several scandals (mild and “normal” for Italy, but important from the point of view of other European citizens) complete the picture of the political and moral weakness with which the right arrived at the elections.

The victory of Pisapia was very significant. Milan is not just any city; it is the so-called “moral capital” of Italy, thanks to its economic strength, its importance in the country. It was a harsh blow to the dominance of Formigoni in Lombardy. It is always said that Milan is a laboratory that anticipates, for better or worse, the changes that later occur in the rest of Italy.

The turning point is also due to the victories of the left in Cagliari, Trieste, Turin, etc. and above all of De Magistris in Naples. Should De Magistris manage to accomplish the miracle of creating good government in the other “moral capital”, Italy’s southern “capital”, find a final resolution to the atavistic problem of garbage, the Camorra’s illegal economy (or at least to contain it), and above all, should he be able not to disappoint the great enthusiasm his election has generated, with the mobilisation and participation of ordinary citizens of Naples, then it is truly a sign of change in Italy.

Open problems and perspectives:
it is one thing to win and another to govern

In June 2011 the second part of the turning point occurred with the victory of the referendum on the privatisation of water, on nuclear power and on partial immunity for Berlusconi and his ministers. This defeat was very painful for Berlusconi and for the Italian right. It is a victory comparable, for
its social, political and cultural consequences, to the 1974 victory, in the referendum on divorce, against the Christian Democrats, the Vatican and Italian obscurantist forces.

But it is one thing to win the elections and another to govern the complex reality of cities like Milan and Naples, all the more so that shortly afterwards the debt crisis and the economic turmoil of this past summer in Italy has put and is still putting these municipal administrations to a severe test. Italian cities, and thus Milan and Naples, no longer have the same economic resources available that they once had (the so-called “transfers” from the state to local administrations) and they must therefore cut many local services, many aspects of welfare, etc. – or they must increase fees and local taxes. And all this is unpopular. Finally, the measures being taken by the Berlusconi government, the so-called “economic manoeuvre”, more precisely the rip-off for Italy’s weaker strata including the lower middle class, among many other things provides for the resumption of privatisation. The moment of the June victory now seems far away and it is as if the referendums have been blotted out. In Milan, the most important local department is the budget department. The real minister of the city’s treasury and the head of the department is Councilman Bruno Tabacci, Piero Bassetti’s man, a representative of the former Christian Democrats and now of the Third Pole. Tabacci discovered that the previous administration has left a budget shortfall of approximately 180 million Euros. Already some of the measures taken by the Pisapia administration have created discontent, such as the increase in public transport rates and in local personal income taxes. In addition, the Penati scandal is interfering considerably with the City Council since the transportation councilman Maran is completely connected to Penati. Many members of this administration have no administrative experience, and this has already become evident; simply being enthusiastic and resorting to the participatory rhetoric of the Pisapia Committees, of the “orange-coloured people” (the popular movement in support of Pisapia), etc., is not enough.

However, to understand if in fact the “wind has changed”, it will be necessary to wait for this winter of 2011-2012, since many things will become clearer then, in the first place in terms of what the administration will decide about Expo 2015 (big real-estate deals, urban structures, mafia infiltration, etc.)

The challenge that the centre-left is facing in Milan is a big one. The enthusiasm aroused has been enormous. The disappointment that may result is just as great. But there remains one of the historical problems of the Italian left: beyond the rhetoric and the magniloquence (one of the champions of this Italian tradition is Nichi Vendola) there needs to be the ability to govern, to test oneself daily against real problems, tenaciously maintaining a commitment to left politics without succumbing to the temptation to do right-wing
things using left-wing phraseology (for example, privatisation).

One final note: Each country has its own peculiarities of historical development. Italy has long-term characteristics that must be known and understood, beyond the fact that it is a capitalist centre located in Western Europe. One of these peculiarities is also at the origins of the unified state of Italy: the gattopardian “everything must change so that everything can stay the same”.2 Pisapia, De Magistris and in general the “Italian Spring” will have to deal with this unhealthy tradition. The crisis of capitalism and the debt crisis could eventually cancel out everything.

Notes
1) In the 2010 regional elections, the centre-right won in Piedmont, the Veneto, Lazio, Lombardy, Campania and Calabria; in Emilia Romagna, Tuscany, Liguria, the Marches, Umbria, Basilicata and Apulia the centre-left prevailed.
In the 2011 municipal elections the centre-left won: Giuliano Pisapia, the candidate of a broad left-wing coalition, won the second ballot in Milan with 55.1% of the votes. In Naples, Luigi De Magistris won all along the line with more than 65% of the preference votes against Lettieri (an entrepreneur representing a centre-right coalition supported by Prime Minister Silvio Berlusconi.
Referendum: A nationwide popular referendum was held in Italy on June 12 and 13, 2011 on four questions concerning privatisation of water services (two questions), a return to nuclear energy which had been banned by the 1987 referendum, and criminal procedure, specifically a provision exempting the Prime Minister and cabinet ministers from prosecution while in office. The first aim of those campaigning for a yes vote was to ensure reaching the quorum (50% of the electorate + 1 person).
2) The dictum repeated by the main character in Giuseppe Tomasi di Lampedusa’s The Leopard [Il Gattopardo], a novel of changes in Sicilian society during the Risorgimento.
A new Danish government was formed on October 3rd, consisting of three parties: It is led by the Social Democrats – the other participants are the Liberal Democrats (”Det Radikale Venstre”) and the Socialist People’s Party – SF. Enhedslisten/the Red-Green Alliance (RGA) is a supporting (tolerating) party, which the government depends on to be formed, but the RGA does not have to approve the government programme.

This article was written three days before these latest developments: An overview of the political programme of the new government shows that there will hardly be any change in economic policies, due to the heavy influence of the neoliberal centrist party the Liberal Democrats, who in their economic policy are close to the former right-wing government. The government will very probably look to the right in the Folketing (parliament), where there is a majority of alliance partners on these issues. On the other hand there are very good prospects in the government programme for progressive changes with regard to immigration and refugee policies and especially climate and environmental policies.

The parliamentary elections in Denmark on September 15 meant a reversal of the political situation of the last ten years, when the right-wing government – supported by the extreme right-wing Danish People’s Party – was ousted.
The elections also made history in other ways: For the first time a Danish government will have a female Prime Minister, Helle Thorning-Schmidt, the leader of the Social Democrats (SD); and for the first time the Socialist People’s Party (SF) will be in government.

Elections with surprises

In the last few days before the elections the race between the two political blocs became extremely close – and the result of the elections materialised with a very narrow victory for the opposition parties.

After over a year with a clear majority for the opposition parties, this was a surprise. Furthermore, opinion polls after the elections show that the gap between the two blocs has narrowed even more!

In still more ways than these, these elections were surprising:

- The big winners of the elections were the Liberal Democrats (“Radikale Venstre”), a neoliberal centre party, and the radical left party Enhedslisten/the Red-Green Alliance gaining 8 seats each. All polls during the election campaign had shown a considerable increase in votes for the two parties. Still the huge gain was surprising.
- The biggest party in Denmark is still the Liberals, “Venstre”, who led the former right-wing government, despite expectations that the Social Democrats would end up as the biggest party, as they had been before the right-wing government.
- The Conservatives lost over half of their seats. With 8 seats they are now the smallest party in the parliament.
- A new neoliberal party, Liberal Alliance, formed during the last parliamentary period, had much better electoral results than expected.
- The extreme right-wing Danish People’s Party has now lost its key role and crucial influence on government policies.
- Both the Social Democrats and the Socialist People’s Party (SF) did not do as well in the elections as expected. This is especially the case with SF, which lost 17 seats, becoming one of the big losers of the elections.
- Voter participation in the elections was extremely high – 86.53%.

Below is a table showing the number of seats the parties had in the Folketing (Danish parliament) after the elections (with the 2007 elections shown in brackets):
Election result – September 15, 2011
Percentage voting: 86.53%

<table>
<thead>
<tr>
<th>Parties</th>
<th>Votes</th>
<th>%</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhedslisten (The Red-Green Alliance)</td>
<td>236,860</td>
<td>6.7%</td>
<td>12</td>
</tr>
<tr>
<td>Socialistisk Folkeparti (Socialist People’s Party)</td>
<td>326,192</td>
<td>9.2%</td>
<td>16</td>
</tr>
<tr>
<td>Socialdemokratiet (Social Democrats)</td>
<td>879,615</td>
<td>24.8%</td>
<td>44</td>
</tr>
<tr>
<td>Det Radikale Venstre (Liberal Democrats)</td>
<td>336,698</td>
<td>9.5%</td>
<td>17</td>
</tr>
<tr>
<td>Kristendemokraterne (Christian Democrats)</td>
<td>28,070</td>
<td>0.8%</td>
<td>0</td>
</tr>
<tr>
<td>Liberal Alliance (Liberal Alliance)</td>
<td>176,585</td>
<td>5%</td>
<td>9</td>
</tr>
<tr>
<td>Det Konservative Folkeparti (Conservative Party)</td>
<td>175,043</td>
<td>4.9%</td>
<td>8</td>
</tr>
<tr>
<td>Venstre (the Liberal Party)</td>
<td>947,725</td>
<td>26.7%</td>
<td>47</td>
</tr>
<tr>
<td>Dansk Folkeparti (Danish People’s Party)</td>
<td>436,726</td>
<td>12.3%</td>
<td>22</td>
</tr>
<tr>
<td>Outside the parties</td>
<td>1,850</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>The Faroe Islands</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Greenland</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>179</td>
</tr>
</tbody>
</table>

It seems that the two parties winning the elections – the Liberal Democrats and the Red-Green Alliance – were also those with a clear profile and clear talk in the election campaign. This apparently attracted quite a number of voters. As to policy, the two parties are close when it comes to immigration and refugees, but vastly different in terms of economic and labour-market policies. In the matter of immigration and refugees the Social Democrats and SF are closer to the previous right-wing government.

Negotiating a new government

The main problem with the negotiations taking place right now (at the end of September) is of course that the Social Democrats and SF have been deci-
mated and depend on the seats of both the Liberal Democrats and the Red-
Green Alliance to form a government. In principle they have to span the poli-
cies and interests of both parties, but aim to form a government together with
the Liberal Democrats, who have a huge influence after their electoral gains.

Interestingly during the electoral campaign the Liberal Democrats formed
an alliance with the Conservatives to support each other in the future and
bridge the so-called gap of blocs in the Danish parliament, which we have ex-
perienced for the last ten years. However, with the losses of the Conservatives
this alliance has been made superfluous. On the other hand, it clearly bene-
fitted the Liberal Democrats in the elections.

The Social Democratic/SF partnership

These elections show a deep polarisation in Danish society. But they also
show that working people in greater numbers were attracted to the left than
previously during the ten years of right-wing government. However, they vot-
ed for opposition parties other than those expected just a couple of years ago.

The elections have caused a dilemma for the SD/SF partnership. For some
years (since 2007) many voters (most probably public sector workers due to
labour unrest in 2007-08) appeared attracted to SD and SF, when both par-
ties, but SF in particular, had a huge increase in support according to the
opinion polls. This coincided with the two parties’ new close partnership.
However, the recent elections show a setback for both parties – in the case of
SF to far below the party’s 2007 electoral result.

What happened?

There has certainly been a growing disaffection with the SD/SF close part-
nership and their policies – which has especially hurt SF, since the partner-
ship has more or less been based on the terms and policies of the Social De-
mocrats. At the same time the SD/SF partnership has had a muddled profile,
which made it difficult for the voters to see any clear distinction between
their policies and that of the previous right-wing government. SD/SF had
more progressive social policies and also proposed public investment to cre-
ate jobs. But in many cases (e.g. immigration and refugees, defence) the two
parties accepted the policies of the previous government.

With the SD/SF partnership no longer new and untested, it is natural that
leftwing supporters of SF would eventually drift to the left – i.e. to the Red-
Green Alliance. Other SF supporters may have turned to the Liberal Democ-
rats, who also have a clear profile, for example, on the treatment of immi-
grants and refugees.
The rise of the Red-Green Alliance

The Red-Green Alliance had expected an increase in support in these elections. The opinion polls even before the elections had predicted they would at least double their seats in parliament. But that they tripled to 12 seats was clearly a big surprise.

This huge support can be explained in many ways – besides a very obvious one: growing disaffection with SF policies. However, the rise in RGA votes can be observed all over the country – showing that a contributing factor must also be a high level of general anger and distress with the policies of the right-wing government over the past ten years. The Red-Green Alliance seemed to voice this very well. The candidate who probably did this best during the election campaign was Johannne Schmidt-Nielsen, a young female MP of the Red-Green Alliance and leading figure in the election campaign. She became extremely popular and did extremely well – in fact achieved the second largest number of personal votes in the elections (more personal votes than Helle Thorning-Schmidt, the Prime Minister to be confirmed).

Apart from this the Red-Green Alliance has worked very hard to overcome the disastrous defeat in the last parliamentary elections in November 2007.

The Red-Green Alliance made very clear during the electoral campaign that a vote for them would strengthen the possibility of a “red government” – i.e. one without the Liberal Democrats. It was also made clear that the party would not participate in a coming government but would support it with its seats. This is the political line of the party, adopted at its Annual Congress. There are policies of the SD/SF partnership for which the Red-Green Alliance cannot assume any responsibility without breaking with key policies of its own organisations.

The party stuck to a radical left line during the campaign: a clear defence of the social rights of working people, against reducing and abolishing early retirement and raising the pension age and opposing the consistent deterioration of the rules regulating unemployment benefits, policies of the previous government, and for a radical climate plan investing in new green jobs, and decent asylum and other policies relating to immigrants and refugees.

But the party is well aware that many voters supporting the party in the elections are not supporters of its policies. Many were motivated by an urge simply to oppose the previous government. They most likely have little familiarity with the details of RGA policies. There is thus a big job ahead to work at convincing these voters that they did the right thing and to keep them informed. This also depends on the concrete results of the Red-Green Alliance in future Danish politics.
The Berlin elections of September 2011 were the last in this year’s election cycle of seven regional and two communal elections. On the positive side, the LINKE has been able to assert itself as a political force for social justice. However, in all these elections it clearly remained behind its results in the Bundestag elections in which it had gained 11.9%.

Although the bourgeois camp does not possess a homogeneous strategy for the crisis, the LINKE did not succeed in becoming part of an alternative social and political alliance. On the contrary, red-green options without the LINKE are being discussed as feasible political alternatives. The increasing social acceptance of the Greens has made possible the first Green Prime Minister in Baden-Wuerttemberg. Against the background of real developments towards a restoration of neoliberalism by authoritarian means and a deep neoliberal integration of the European Union, their idea of a “Green New Deal” seems the only politically acceptable alternative, supported by major segments of society. The development towards a green capitalism found its first politically visible expression in the nuclear phase-out declared by the Federal Government in March 2011. In that situation and in the wake of the threatening nuclear catastrophe of Fukushima, questions of energy and climate became issues that decided the results of elections such as the state elections in Baden-Wuerttemberg and Rhineland-Palatinate.

Thus the changed constellations of social conflict have also altered the perception of and emphases on the financial and economic crisis, the environ-
mental and energy crisis as well as the alleged crisis of security (terrorism, immigration waves, etc.). By introducing short-time work regulations, economic stimulus packages and the car-scrap bonus the slump of the economy could for the majority of the population be staved off in 2009 by means of structurally conservative measures. Revived demand made it possible to quickly re-expand production and reduce unemployment. Against this background, the social question seemed to lose importance, at least in the short term – particularly also in Stuttgart, the company and production site of Mercedes-Benz. The CDU developed a conservative and export-oriented economic strategy and combined it with an increased anti-terror and authoritarian security policy. The Greens on the other hand developed their “Green New Deal”, which was to combine economic policies and a turn in energy policies and places emphasis on increasing social inclusion and democratisation. The demands of the LINKE for a socially just distribution of the burdens of the crisis remained without much resonance.

In Baden-Wuerttemberg, this constellation led to the yellow-black-coalition between the CDU and the FDP being voted out and for the first time allowed a green-red coalition of Greens and SPD with the Prime Minister nominated by the Greens. The LINKE hardly played a role in public debates. It was not only a matter of weighing the energy and climate question; it was just as much about the reigning political style: authoritarian versus libertarian.

In May, in the Bremen federal state elections the energy and ecological questions were still important issues, but they no longer decided the outcome of the elections. The social question had again moved to the top of the political agenda. Nevertheless, the LINKE again clearly remained behind the election results of the previous state election of 2007 and the Bundestag election of 2009. This is also true for the following elections of September 2011 in Mecklenburg-Western Pomerania and Berlin. The LINKE could assert itself as a party demanding social justice. However, it was confronted – in particular in Berlin where it was a party in the government – with increasing processes of fragmentation as a consequence of neoliberal legislation at the local level on which it had to be active. Its own social projects, especially in the areas of labour-market and social policies, were given secondary importance.

Still, at the end of the 2011 election year, the LINKE remains credible as a party of social justice and one uniquely able to secure the loyalties of workers and unemployed people. It achieves above average results among voters between 45 an 59 years of age, and in Eastern German federal states it appeals to voters who are over 60 years old. However, its attractiveness to younger voters is below average and it is also increasingly losing within the 34 – 45 age group, that generation whose social and political experiences are associated
with the development of post-Fordist working and living conditions and new communication and information technologies.

<table>
<thead>
<tr>
<th>Members</th>
<th>Bundestag Elections 2009 (11.9)</th>
<th>Saxony-Anhalt 2011 (23.7)</th>
<th>Baden-Wuerttemberg 2011 (2.8)</th>
<th>Berlin 2011 (11.7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar workers</td>
<td>18%</td>
<td>11%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>32%</td>
<td>5%</td>
<td>22%</td>
<td>3%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>12%</td>
<td>4%</td>
<td>15%</td>
<td>1%</td>
</tr>
<tr>
<td>Pensioners</td>
<td>53%</td>
<td>4%</td>
<td>26%</td>
<td>2%</td>
</tr>
<tr>
<td>Students</td>
<td>4%</td>
<td>6%</td>
<td>no data</td>
<td>no data</td>
</tr>
<tr>
<td>Unemployed</td>
<td>8%</td>
<td>15%</td>
<td>35%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Social structure of members and voters of the LINKE

Thus the results in the election cycle of 2010 and 2011 reflect the social impact of the LINKE, the current practical value the public attributes to it, the attractiveness of its political proposals and finally also of its leadership. What became visible was the party’s strength as a partner for questions of social justice, its deficits in the development of its programme, strategy and organisation and most of all its lack of social rootedness beyond its representation in the state and municipal parliaments in the larger states. Therefore the LINKE must use its increasing presence in federal states such as Lower Saxony, which has led to an increase in mandates, as a resource and “motor” for rooting itself in society, knowing that parliamentary presence is no surrogate for the development of local grassroots organisations.

So far the LINKE is still a party whose results in current opinion polls remain below the 5% hurdle in five out of ten federal states and which in only three Eastern German federal states goes beyond the 20% threshold. The LINKE is losing consensus in its former urban strongholds, in particular also in Berlin.

In 2011, the party failed to meet its own goal of becoming part of a red-red government project. It has now concluded its 10-year-period of shaping government policy. In Mecklenburg-Western Pomerania it remains the second strongest opposition party behind the Conservatives. In the South-West German federal states it failed to win seats in the state parliaments.

The 2011 Berlin Elections

The SPD was the winner of the Berlin elections, attracting 28.3% of the vote, followed by the CDU with 23.4%, the Greens with 17.6% and the
LINKE with 11.7%. Thus, the LINKE remains behind its result of 1995, although the share of votes from the districts of Western Berlin has increased from 17.4% in 1999 to 28.3% in 2011, with the absolute number of votes remaining constant.

For the first time, the Pirates will be part of the Berlin House of Representatives with 8.9% and 15 seats and they will also be represented in all district councils: the Berlin communal parliaments. The FDP was the clear loser with 1.8% of the votes.

The Berlin elections are of special importance to the LINKE, because major problems of the LINKE converge there in a prototypical way. Among these, the crucial questions are those of left participation in governments, the LINKE’s character as a party of the East and the West and, last but not least, the city itself, whose history shaped the middle-aged and older generations in both East and West. It is the site of the wall and thus the place where the LINKE’s confrontation with its own history is most sharply posed. It is the background against which the controversies in the LINKE around communism, the erection of the wall and its relationship to Cuba have had an immediate impact on the Berlin election results.

At the same time, the LINKE had – also in its second term as a party of government, i.e. after its dramatic losses in the elections 2006 when the LINKE
lost half of its voters in relation to the elections in 2011 – hardly been able to
make its own weight felt in the “noiseless” government of the red-red-coali-
tion. It could not package its successes – such as the creation of 118,000 new
jobs, all of them with social security contributions, 7,000 jobs in the public
sector (third sector), the introduction of a law which makes the payment of
the minimum wage a condition for being awarded public commissions, a so-
cial and culture ticket for the socially weak and the abolition of the tripartite
school system – into one history of success and so present itself as an inde-
pendent part of the red-red-coalition and as the driving force behind the so-

ocial question. Only in the past two years has the LINKE begun to deal with
questions of rents and housing. It prevented the further privatisation of mu-
nicipal housing agencies, but could not prevent rent increases immediately
before the elections even in housing projects run by these agencies. It was
hardly able to develop its own alternatives in the areas of urban development,
stopping the increasing processes of gentrification and initiating participato-
ry debates of alternative city development, although in Berlin a number of
initiatives demanding the “right to the city” had formed.

In 2001 the LINKE had run as a party seeking to shed light on the biggest
bank scandal in Europe, and standing for a different urban policy and a dif-
ferent political style contrasted to the new “Haupstadtpolitik”. In 2011 it ap-
ppears as a party which meets demands for more transparency only after pres-
sure from urban initiatives and which only passes a law on the freedom of in-
formation after pressure, according to which all accords reached in the pub-
lic sector have to be made transparent. As a consequence, the accords on the
part-privatisation of the water works are made public on the Internet, while
the referendum on this question, in which more than 660,000 people partic-
ipated, is made irrelevant.

The Berlin LINKE has lost its sensitivity for the changing social atmos-
pheres in the city; it has alienated itself from many social currents of the city.

With its result of 11.7 % the LINKE remains behind the result of 2006 and
behind the Bundestag election result of 2009. In relation to the federal state
elections of 2006, it lost 14,000 votes and thus with 20 seats represents only
the fourth largest faction in the House of Representatives. In no district did
it become the strongest party, and in the eastern Berlin strongholds it lost be-
tween 5 and 7 % of its voters, while its results remained constant in the West-
ern part of the city. While it lost 23,000 voters due to death or because they
moved away, it failed to appeal to new groups of the population. It is not
reaching the left and libertarian milieus and hardly the young generations.

Also in Berlin it is the party of the socially weak, the workers and unem-
ployed, but it is first of all a party of the East and of pensioners, even if the
percentage of voters of West Berlin districts amounts to 28 % by now.
The LINKE lost many votes to the Pirates party. It gained 3,000 votes from the non-voters and 2,000 votes from the SPD. The Pirates made their appearance on the political stage as the alternative to the established political system, as a grassroots protest and lesson-teaching party against the background of the overall weakness of the institutionalised political system. The Pirates as an anti-party also weakened the Greens, in particular among the young and left-libertarian section of the voters. The Greens are no longer the party that automatically and in a provocative way represents the life spirit of younger generations. In these elections the Pirates were the ones who opposed established institutions in original and unconventional ways and combined this style of anti-politics with demands for transparency and participation. The Pirates became active where established parties – in Berlin the LINKE has to be counted among them – have distanced themselves from the city’s society, from the everyday lives of young people in particular, where visionary demands are hardly recognisable after having been processed by real politics and government departments and where they are less and less in sync with the diverging life plans and life realities of younger generations.

Among these life plans and realities must be counted the normality and freedom of the Internet as well as the right to a secure and, at the same time, independent life even beyond the labour society, with the majority of young people no longer able to rely on classic careers: this includes the right to a basic income, the right to free education and free public transport. The Pirates demand transparent procedures in politics and self-determined forms of politics and possibilities for political self-organisation. They do not only question the contents of policies and the credibility of politicians but also political procedures themselves. Thus they become active where, for example, the demand of the LINKE in favour of a glasshouse town hall was even abandoned by the LINKE itself. This socially open-minded and unconventional group is a challenge to all the parties, in particular, however, to the LINKE, which has claimed this role for itself, above all in Berlin.

The LINKE is missing the social tailwind which had, between 2007 and 2009, helped it to establish itself as a successful political force in 13 federal states and on the national level. It lacks the drive of the new social idea, proclaimed in 2009, which rested on a model of the social welfare state of the 21st century and connected the social with the ecological question. It is lacks an attractive counter-plan for a social and ecological transformation. Until now it has been the party “that says what is” and asks the right questions, but up to now it lacks competence with regard to solutions and the future. And the role of those asking questions and questioning the conditions is not a privilege of left parties. In Berlin this role has for the moment been taken over by the Pirates with their left self-conception.
France: The Left Front – The Challenge of a True Popular Dynamism

Dominique Crozat

As everyone knows, in the 2005 referendum the French people rejected the European Constitutional Treaty. What had enabled this success was that, for the first time, forces opposed to neoliberalism worked together and created a really dynamic popular debate and exchange of ideas, a deep-rooted political mobilisation in which the political parties of the radical left took part, alongside the left wing of the Socialist Party, which has since broken away from that party to create the new Left Party, as well as trade unionists, activists in social movements, alter-globalists and citizens who until then had hardly had any involvement in political debate or had abandoned it. This was how the apparently impossible took place – an immense victory linked to a popular dynamism that carried the discussions to the very heart of firms and working-class neighbourhoods, starting from their everyday concerns: jobs, public services and wages. This victory inspired hope and the desire to continue the work undertaken together. Two years later, a number of those active in the 2005 struggle tried to put forward a common candidacy for the presidential elections. However, it proved impossible to get the popular dynamism under way. While it was possible to draw up a common programme despite important differences, the same was not true when it came to agreeing on a common candidate. Partisan reflexes and their inverse, anti-party reflexes, finally got the upper hand and the “transformative” left entered the campaign divided, with catastrophic electoral results. Bitterness and confusion ensued amongst those who had hoped to arrive at a common candidacy.
The French Communist Party’s (PCF) decision to opt for a Left Front strategy, together with the split that took place in the Socialist Party (PS), the left wing of which, with Jean-Luc Mélenchon, had taken part in the referendum’s NO campaign on the European Constitution Treaty, made it possible to revive hope by establishing a Left Front. Initially this was a partnership between parties or political organisations of the “social transformative” left. It received its baptism by fire in the 2009 European election, then in the 2010 regional elections and the 2011 cantonal elections (for department councilors). The first election scores were fairly encouraging, although still less than hoped for, with a very high rate of abstention.

These first results, including the traumatic experience of the 2007 presidential elections, encouraged the continuation of the Left Front experiment. Building this seemed more urgent than ever in the face of the growing social emergency and the need to find a political way out, since the social movements, despite their strength, were coming up against a brick wall, as seen by the reform of the pensions system passed in the autumn of 2010, despite demonstrations bringing 3.5 million people onto the streets.

A “Popular Shared Programme” was drawn up. The activists jointly chose their common candidate for the Presidential elections (scheduled for May/June 2012). From the start Jean-Luc Mélenchon remained the incontrovertible major candidate and a clear majority of PCF members, recalling the lessons of 2007, set aside their hesitations and chose him as the common Presidential candidate.

The challenges facing the Left Front

The way ahead is not an easy one. The Left Front is not *die Linke* and could not become one without losing an important part of its originality. Indeed, their activists differ in their history, their political culture (going from social-democracy to the most radical left), their orientations on some important issues and the way they are rooted in society. They do not intend to put all this aside. Moreover, (and this is not the least important problem) once the partisan reflexes (still too often at work inside the constituent political forces) have been set aside, this diversity can become the source of a real popular dynamism. Various forces of the alternative left and the social and trade-union movements have gathered round it. Citizens who have long been disappointed by political partisanship have found themselves involved in this front dynamism without at all finding a place for themselves in any partisan organisation.

Indeed, here lies one of the greatest challenges facing the Left Front: to serve the emergence of a real popular mobilisation for a politics of social
transformation. To sum up, the Left Front is above all a front of citizens intending to get the process under way. The people of the left make up its backbone. It is in this spirit that the local committees are being formed.

In France, as in many countries, the social movement has shown its great capacity to mobilise. There is massive popular resentment of the profound social injustice of the reforms being imposed by the right in office. Rejection of the neoliberal policies and growth model is growing. However, no alternative is visible. The same can be seen throughout Europe. The elections that have followed the great social movements show the gap that exists between the rejection of liberalism, social militancy and an alternative perspective. Thus during the cantonal elections in France, the massive abstention in working class strata and the National Front’s score are worrying signs. The intensification of the crisis and the massive rejection of the pension reform have not noticeably changed the balance of power in favour of the transformative left.

Thus, there is much to do to overcome the difficulties we are facing, to connect the social movement to the political dynamic, aspirations for social justice, the rejection of liberalism and political responses. There has been no lack of struggles in the last few years but, when they dealt with the major social questions, their protagonists too had their backs against the wall and they came up against the liberal offensive.

To break this deadlock, the social movements must intervene directly in the political field, confront the neoliberal orientation and put alternative choices on the political table. It is no longer possible today simply to rely on the political parties to carry the social and trade-union demands, for which they act as intermediaries. The failure of the 1972 “common programme” period, the “Mitterrand years”, and Jospin period5, which led to disillusion and disgust with politics show that we can no longer evade this problem. Other, more recent experiences confirm this: the Socialist Party’s programme of reforming the pension system basically differs little from that being enacted by the government and the employers. For broad sections of public opinion the “left” no longer means social progress, social justice or the defence of working peoples’ interests.

The trade-union organisations and the social movements distrust politics and have distanced themselves from it. The division of labour, accepted on both sides, has become an insuperable chasm, confining each to their own role and making any inter-reaction capable of carrying forward an alternative extremely difficult.

Today, the neoliberal model has lost its legitimacy in the eyes of a growing section of the population. The rejection of an unjust and anti-egalitarian system is being expressed, in one way or the other, everywhere in Europe. How-
ever, a certain fatalism has also set in; there is scepticism about the possibility of any other policy. The social-democratic left has, itself, given credence to the idea that politics is powerless in the face of economic forces. The Socialist Party’s programme engravés in stone the acceptance of liberal globalisation. François Hollande, a leading candidate in the “socialist primaries”, which was to select a socialist candidate for the 2012 presidential elections, speaks of “realism”, “reason” and even “severity”, and his position on debt reduction is quite close to social-liberal discourse.

Bridging the gap between the social and the political

Bridging this gap between the “social” and the “political” has thus become an imperative issue to meet the crisis and its consequences that incessantly weigh on society. Gathering all the available forces – while respecting their identity and autonomy – necessitates a profound reassessment by each of the actors. This demands putting an end to the idea of the superiority of politics and requires a change in the conception of the role and place of parties, and this work has already begun, particularly within the Communist Party. The social movements, for their part, cannot limit themselves to the social arena – they need to burst into the political area and bring to the centre of public discussion the demands of which they are the bearers.

The Left Front must provide clear responses to the social expectations and must dialogue, on an equal footing, with the forces of the social movement to draw up alternative proposals opposed to liberal logic. In order to tackle the problems of social insecurity, the chief ones being unemployment, job insecurity, poverty and fear of becoming declassed, it will have to reconnect to the working classes who have for too long been left to their own devices. This approach is all the more necessary that a growing part of the “middle” strata feels threatened and is becoming impoverished.

If it fails to take this path, the rejection of social injustice will be taken up by the National Front, which is monopolising the “social question” while Sarkozy and his followers stir up xenophobic hatred and play on “law and order” issues as a way of staying in power.

By taking the offensive on all these issues and giving full space to the forces of the social movement, the Left Front will be able to gain the credibility that it still lacks for publicly making the transformation of society and break with capitalist logic the central issue. It has to put forward a programme for change and create the dynamic of a project. It should be noted that 75,000 copies of its “shared people’s programme” for the 2012 elections, called “Human Needs First” were sold when it was launched at the Fête de l’Humanité last September. These proposals aim at overcoming resignation and fatalism.
This first success indicates the beginning of an encouraging dynamism.

In this context, a remarkable event took place. Up to now it has been generally acknowledged that, under the 5th Republic’s 1958 Constitution, the Senate (the upper house of Parliament) could never swing left. However, during last September 25th’s senatorial elections, despite an election system tailored to the right, the “grand electors” (that is the local councillors and Members of Parliament) elected a left majority to the Senate for the first time ever. The divisions within the right, the rejection of government policy, the anger of local councillors at the attacks on local democracy, the financial strangling of the local authorities and public services explain this result. Although the 72,000 “grand electors” cannot be identified with the mass electorate, this upset sounds like a sign of hope for the 2012 elections. A first positive result: the “golden rule” (enshrining into the Constitution the prohibition of public budget deficits) cannot be adopted unless the Socialists vote for it. However, for this upset to become the basis for a real alternative and to avoid the setback of a simple “alternance” between centre-left and centre-right, the Left Front must maintain an offensive and the social movements must carry their demands right into the Senate. The latter must from now on become a place of resistance to the policies of social regression and for working out a possible change in political logic.

The Left Front is faced with the weighty responsibility of creating a real popular dynamic in which everyone can find their place, and play a part and everywhere spread multi-faceted citizens initiatives, thus enabling a new hope to take root in the left. To do this the parties behind this initiative must free themselves from the party logic that remains alive inside them. The first initiatives launched by the local committees in which the citizens and the social movement fully participate, in which the protagonists of the social movements take public positions, the organising of legislative workshops for the purpose of collectively developing law projects and setting up legislative workshops for drawing up bills and carrying out the political project – when all this occurs a dynamic can develop around the construction of a true politics of social transformation. We are only at the very first steps. The road will be hard, but it seems full of promise.

Notes
1) PCF: 1.93%; LCR (Revolutionary Communist League (Trotskyist), which from the start had rejected any common candidacy): 4.08%; José Bové: 1.32%; the Greens: 1.57%; PS: 25.87%; Centre Right: 18.57%; National Front: 10.44%; Right (Sarkozy): 31.18%.
2) French Communist Party, Jean-Luc Melenchon’s Left Party, the Unitary Left, composed of activists who had left the Revolutionary Communist League.
3) The Left Front scored 6.3% in the European elections, 6.95% in the regional elections in
those regions where it was standing for election and 10.38% in the cantons where it was standing in 2011.

4) About 130,000 members of the PCF, 8,000 of the Left Party, and several hundreds from the Unitary Left.


6) Speech by Lionel Jospin, Socialist Prime Minister at the time, during the large-scale lay-offs by Michelin in 1999 to increase its stock rating.
It is not certain if the attacks on the Twin Towers of the World Trade Center in New York on September 11, 2001 were the kick-off for the rollercoaster ride the financial markets have been on ever since. This careening up-and downhill has triggered upheavals in the entire global economy and serves as an excuse in Europe to abolish the bulk of social reforms which seem to have become superfluous after the implosion of the socialist states. On the other hand, there is no question that the justification used for the massive arming of police and the judiciary in both material and legal respects was and still is the 9/11 attack. What fell by the wayside in public debates is that these new regulations can without much ado be turned against the activists of social movements and political parties.

In this sense, a book recently published in Vienna with the title §278a – Gemeint sind wir alle [The Target Is All of Us] – provides material for reflection. As its subtitle indicates, the volume is about the “Trial against the Animal Liberation Movement and its Background”. This spectacular trial was followed with great interest by both the Austrian and partly also the international press. According to the preface, “The trial which lasted for more than a year and drew to a close on May 2011 represents a further stage of repression against political activists in Austria. It was preceded by the destruction of the private life of the accused and their friends through the investigations of ‘Soko Bekleidung’ (a special police commission – L.H.), the storming and searching of 23 flats and offices in May 2008 and the ensuing arrest of ten an-
imal-rights activists, on suspicion, among other things, of membership in a ‘a criminal organisation’ (§278a).

The only positive aspect of this action by the police and the judiciary – which constituted a human-rights violation – is the acquittal of all the accused by the court in Wiener Neustadt. During the trial it had for a long time seemed that the judge would accept the prosecution’s flimsy argument and give the accused, who had for months been detained in pre-trial confinement, hefty prison sentences. Parallel verdicts against animal rights activists, with incredible sentences of up to 11 years of imprisonment, are legion in Great Britain and the USA.

As in Wiener Neustadt, those prosecuted abroad were not accused of any concrete punishable actions. What was criminalised was the development and organisation of and participation in campaigns, demonstrations and actions, for example against the fur trade or for the liberation of animals. With very vague grounds for suspicion, the police managed to get permission to deploy methods of investigation whose public pretext was the “fight against terror and organised crime”: undercover investigations, electronic eavesdropping, planting Trojan viruses in PCs, etc.

In her contribution to the book, Sophie Uitz considers the provisions which are formally directed against organised crime, the creation of gangs and the like: “Their use allows an excessive degree of surveillance and investigation … It is enough to present a – more or less contrived – initial suspicion for all the machinery of observation, surveillance and investigation by the state to be activated. The data thus collected – often the result of systematic surveillance carried out for years – allow a deep insight into the structures of interest to the state, without even having to cite a specific criminal offence.” (p. 257)

The trial documents shows that despite months-long surveillance, the accused of Wiener Neustadt could not be accused of any concrete deeds; they had merely exploited the available legal avenues to demonstrate, protest and act against profit-oriented animal husbandry and use. Obviously, what triggered the action of the police and judiciary was the campaign organised by two animal rights organisations against the Kleider Bauer textile chain, because it did not refrain from marketing items of clothing made of fur or with fur trimmings. In the course of the campaign the activists organised go-ins, chainings, demonstrations, depositing of butyric acid, vigils in front of the private homes of leading company representatives and similar forms of action without the prosecution being able to establish that individual participants had committed criminal offences. Therefore the strategy was to let persons central to the organisations entrap themselves. In the end, the huge (investigative) effort did not have any (legal) effect.
However, the everyday existence of the accused was massively affected – by ambush-style police invasions of their private flats, their pre-trial confinement for months and the trial itself which lasted for more than a year with on average three hearings at court a week. It is emphasised in one passage of the book that what helped the animal rights’ activists was their middle class background and their above-average educational level. By contrast, Operation Spring – in which 104 Africans were arrested on suspicion of drug dealing without any concrete evidence and with draconian prison terms blithely meted out – involved the severest consequences of a wiretap operation. The presumption of innocence had been suspended: Those who could not prove their innocence were sent to prison, often for years.

Both examples show that the morass of anti-terror legal clauses is highly problematic in terms of democratic policy. This proliferation within the police and judiciary apparatuses, hardly controllable by the legislature, provides what it takes, if worst comes to worst, to allow the entire left to be put under general suspicion and be prosecuted, if those in power think it necessary and given the right political constellation.

Christof Mackinger and Birgit Pack, §278a – Gemeint sind wir alle! [Paragraph 278a – The Target Is All of Us], Mandelbaum Verlag, Vienna 2011, 407 pages, Euro 16,90.
In the discussion of an alternative economic order the terms “producers’ democracy” and “workers’ self-management” are inseparably bound up with the “Yugoslav experiment”. The “Third Way” of Yugoslav socialism acted as an important point of reference in the debates of the international left. When the Yugoslav communists turned their backs on Moscow in 1948 Yugoslavia became the classic case of a socialist country successfully breaking with “Stalinism”. The proclamation of “workers’ self-management” drew upon the ideas of a democratic left that went beyond the conservative social democracy of the West and the bureaucratised “state socialism” of the East.

The Yugoslav experiment aroused worldwide fascination. In Yugoslavia itself, however, the self-management system was always a subject of controversy. When they broke with Moscow, the Yugoslav communists had no pre-formulated alternatives to the Soviet system which they had initially tried to copy after the Second World War. One peculiar feature, however, was provided by the local “people’s councils”, revolutionary administrative bodies which had arisen during the war to support the partisan movements. In the new thinking of the Yugoslav party theoreticians they were to form the basis of a socialist model which was supposed to draw upon Marx’s thoughts on the Paris Commune as a form of direct democracy, both in the political system and in the economy.

In the first phase of “workers’ self-management”, which started in the early 1950s, “workers’ councils” were set up in key large-scale enterprises. Their
powers, however, were still restricted and subject to central planning mechanisms. The pioneering spirit of the early days led to major successes in modernisation, industrialisation and urbanisation. Despite the devastating destruction wrought by the war the infrastructure soon regained its pre-war level. Educational and health systems expanded as did housing construction and the setting up of industrial core areas. The country was, however, kept under relatively authoritarian party control. This extensive and centrally run growth model had exhausted itself by the end of the 1950s and could find no answers to the need for a diversification of production.

In this situation passionate debates raged both within and outside the League of Yugoslav Communists (LYC). Since the early 1960s a “liberal wing” had been emerging within the Party, led by a group of younger political activists of both sexes, who could and did count on Tito’s support. At the Eighth Party Congress in December 1964 the “liberals” pushed through an extensive reform programme which relied on the introduction of market mechanisms in order to achieve more efficiency and intensification of production. By “self-management” the “liberals” meant strengthening the powers of the enterprises. “Denationalisation” was the code for reducing the central state planning mechanisms to a few core areas. The term “socialist market economy” on the other hand, meant that enterprises with “workers’ self-management” were to deal with one another on more of a market footing. Furthermore, fiscal measures were to be taken to intensify the integration of the Yugoslav economy in the world market. The concepts of “federalisation” and “decentralisation” meant that the powers of the republics and municipalities were to be strengthened simultaneously. The Party was also to be federalised.

The reformist efforts of the “liberals” triggered acute conflicts. In the first phase the opposition came from a “conservative” wing under the long-standing interior minister and secret-service chief, Aleksandar Ranković, who rejected the strengthening of the republics and wanted to stick to the centralist model. Ranković, whose power base was in Serbia, was toppled in July 1966. In the subsequent period social and political crises made the situation more and more explosive. The main economic aims of the reform – speeding up growth and rationalising production – were not met. Instead social and regional inequalities sprang up. Wage differentials grew as much as unemployment. With the cuts in the redistribution of the national income between rich and poor regions, the already conspicuous inter-regional disparities grew more marked. The reform policy led to escalating conflicts over distribution between republican leaderships increasingly competing for resources, which in turn caused the “national question” – long since believed to be a dead issue – to rear its ugly head again. The high point of these debates was the
“Croatian Spring” of 1970/71, in which the “liberal” Croatian Party leadership set a nationalist mass mobilisation in motion, in order to claim, among other things, the slogans of the tourist business for itself.

A counter model to both the reform programme of the “liberals” and the centralist “conservatives” was formulated by a left opposition current gathered around the “Praxis Group” and the Yugoslav “New Left”, which had also been increasingly airing its views since the early 1960s. The left opposition current opposed the market reform of the “liberals”, in which they saw the danger of a “restoration of capitalism”. As early as 1969 the leftist student activists warned in a 3,000-word “Manifesto” that the reform programmes could lead to regressive tendencies in society. Among other things they complained about growing “national intolerance”, “self-centred attitudes on the part of the constituent republics”, and “regional particularism”. These phenomena they interpreted as a result of the “joint operation of bureaucratism and petty-bourgeois neoliberalism”. The “one-sided insistence on market chaos, openly applying the principle of survival of the fittest and the ruin of the weaker” would lead to “petty bourgeois ideas, needs and aspirations making inroads into all fields and all social strata”.

The high point of the mobilisation of the “New Left” was the series of protests in June 1968, when what started as a university sit-in in Belgrade led to student demonstrations all over Yugoslavia. The main demand of the “Praxis Group” and the student “New Left” was a profound democratisation of society. The alternative reform model of the left opposition with its slogan of “integral self-management” aimed at abolishing party control and developing a direct producers’ democracy. Unlike the liberals, the New Left did not aim at a “socialist market economy” and increased “efficiency” but, in keeping with the “young Marx” and contemporary authors like Herbert Marcuse, at a change in the mode of working and the “overcoming of alienation”. The Praxis member Svetozar Stojanović wrote in 1967: “Socialist self-management must be conceived of as an integrated social system”, that “embraces all sections of society” and administers society “as a whole”. Stojanović demanded the “setting up of vertical associations of self-management groups, the sprouting of representative bodies from below, the subordination of all state organs and the whole life of society to the control of the representative bodies, and a thoroughgoing democratisation and adaptation of political organisations (especially communist ones) to such a system”(emphasis in original).

In the first half of the 1970s the conflicts between “liberals”, “conservatives” and the “New Left” were terminated by a wave of repression. In the subsequent period the system of workers’ self-management was incorporated into the Constitution of 1974 as a hybrid, which retained internal contradictions. As the sociologist Laslo Sekelj remarked, Yugoslavia showed a “paradoxical
incorporation” of the Leninist concept of an “avant-garde and hierarchically organised party” in a theoretical “system of ‘direct democracy’ and ‘anti-elitist egalitarianism’”, which had been elaborated on the basis of Soviet communist thinking. Despite the nominal transfer of power to the work forces there could be no question of a producers’ democracy. As work study experts found, the political and economic elites who were linked to the Party controlled the decision-making processes, while the work forces remained powerless. Summing up, the Belgrade sociologist Nada Novaković commented that in view of its social and political “atomisation”, the Yugoslav working class had always been a “class in itself” and never became a “class for itself”. For that reason it had been unable to develop a “class consciousness that went beyond its common interests”.

Despite this extremely critical – given the claims of workers’ self-management – balance sheet of the “Yugoslav experiment”, it must be said from today’s perspective that the experiences in socialist Yugoslavia were not all negative. Although no producers’ democracy was developed under the slogan of “workers’ self-management”, it was still a relatively open society. Above all, important social rights were successfully enforced in socialist Yugoslavia. The country and the society managed the leap from a peripheral agrarian country to a relatively modern industrial nation. These successes were largely destroyed in the wars of the 1990s. So it should not surprise us if current surveys reveal that 81% of the population thinks that life under socialism was better than the life they have today. In today’s labour struggles against privatisation, workers of both sexes express themselves positively about self-management. In order to make the ambivalent historical experiences of the “Yugoslav experiment” helpful for the current debate, we need a critical and differentiated discussion. Unfortunately, however, empirical research is still in its infancy.
New Challenges Confronting the Progressive Governments of South America

Véronique Sandoval

In the course of a seminar organised by the São Paulo Forum from June 30 to July 2 at Rio, which brought together ministers, political leaders and research workers from about ten Latin American countries (eight of which were in South America) headed by left governments the Research Institute for Left Governments in South America was launched. This will enable representatives of the governments and political parties in office regularly to assess the progress and new challenges encountered.

Ten years after the first progressive governments began taking power in South America, what is the situation? Economic growth has been maintained thanks to a strategy focussed on improving wages, creating jobs, supporting the most disadvantaged, diversifying economic relations and greater independence in relation to international financial organisations. Millions of people have escaped poverty and destitution while the development of a real internal market has enabled these countries to face the crisis without suffering too much harm. However, while the policies applied have met the emergency, inequality has not been reduced, imperialism – which was weakened – is still lying in wait and the question of transforming these societies is still a current issue.

The progressive governments of South America must, today, face three major challenges:
• remaining in power by going from “representative” democracy to a constitution embodying real power for the people and giving political powers
priority over the economic and financial.
• Setting up a new mode of development that would be both socially just and lasting.
• Protecting the progress already achieved in a capitalist world hit by a deep-rooted crisis through a kind of regional integration that would be completely different from the way it was done in Europe, by only including governments that are really elected by the people (which is not automatically the case in South America) and really united while also making the principle of national sovereignty an inviolable principle.

Enabling the people to become masters of their own future

Enabling the people to exercise sovereignty, in particular by respecting the political choices of governments that are properly elected, cannot be taken for granted in South America.

This is so, on the one hand, because Latin America is still considered as its private hunting ground by the United States, which does not hesitate to finance coups d’état to overthrow any president whose policies it dislikes, as in Chile in 1973 and in Honduras a few months ago.

The second reason is the free trade agreements and “treaties of ‘mutual protection of foreign investment’ signed between the major European and North American multinationals and the previous very accommodating governments as well as the fact that the weight of foreign trade (imports and exports) in the development of the majority of Latin American countries makes the latter dependent on the major business groups and financial institutions.

The third reason is that the majority of progressive governments in Latin America have achieved power through presidential elections and the alliance of a variety of social movements and of political organisations aiming at social transformation that are still a minority at parliamentary level. Thus the dominant classes not only have available some economic and financial levers with which to oppose change but also many representatives inside the state apparatus.

To remain in power, the progressive governments of South America must, therefore, strengthen their links between the social movements, the political forces aiming at transformation and the government, maintain an appropriate rhythm of structural reforms in all areas and base themselves on a policy of alliances at international level. Strengthening links between social movements, left political forces and progressive governments is indispensable in the context of the worldwide crisis of the capitalist system. Although this systemic crisis is considered in South America to favour the economic develop-
ment of countries with important stocks of natural resources, it is nevertheless seen as endangering the balance of political power at a planetary level. With the US seeking, at all costs, to maintain its hegemonic role and possessing 50% of the world’s military arsenal, the crisis of European social democracy and an ideological crisis affecting the part of the left that aims a social transformation, which has not yet recovered from the fall of the Berlin wall, the balance is indeed fragile.

This popular support of the progressive governments’ actions is indispensable for giving them the legitimacy needed to confront this balance of power. It involves the democratisation of institutions, the decentralisation of power – but also developing struggles to ensure observance of the people’s will.

Consequently, many progressive governments have very rapidly carried out constitutional changes, particularly ones that allow the people to express themselves, often by a referendum on policies adopted. The question of decentralising power is also being studied in these countries.

However, the rate at which these institutional reforms are carried out is not insignificant. Many believe that these institutions, created by previous dictatorships, have, to some extent, played a role in braking the development of neoliberal policies. Others feel that the decentralisation of power must not weaken the role of the central state, especially in the context of this dangerous world crisis.

Moreover, advancing from a representative democracy to a real one of real people’s power is not so easy. Indeed, military dictatorships and neoliberal policies previously carried out have divided and greatly disorganised the progressive trade-union and political forces. Education, still mainly private, is not accessible to all, nor is culture, which, filtered through the news and communication media in the hands of the major financial groups, is still controlled by the United States.

Finally, protecting the gains achieved even while developing struggles to ensure respect for the people’s will, presupposes a political culture “transmitted to the people” – as happened in Cuba – a real “socialisation of politics”, the participation of the workers in the process of transformation. This, in turn, involves reviewing the respective roles of the government and the left political parties that, for their part, must “represent critical and dialectical awareness of the problems that society is facing and must carry out an ideological struggle for the alternative project”.

**Establishing another mode of development**

The economic and social assessment of the first years of government is fairly positive: agrarian reform, developing a policy of technical innovation, in-
creasing employment and reducing poverty, setting up a process of collective bargaining, undertaking structural reforms in the areas of education, health and taxation … However, growth too often leads to increasing inequality between areas of activity and hence between regions and social strata. Nor does it always take into account the need to protect natural resources and biodiversity or ensuring sovereignty of food supply.

How, then, can a new, socially fairer and lasting mode of development be established?

How can the major industrial and financial groups be prevented from turning South America into the world’s future granary and their principal supplier of raw materials and rare earth elements. Which investments should be encouraged to avoid increasing the unequal development between various sectors of activity while ensuring sufficiently rapid growth for the wellbeing of the population as a whole? What should be the rate at which essential reforms are undertaken to satisfy the population’s needs without playing into the hands of the right, but taking the time needed for political agreements? What conditions have to be made for Chinese imports that the left governments have decided to encourage to free themselves from domination by European and North American capital? Social clauses? Financial compensation? But also what transfer of technology to negotiate in order to enable, in time, the reduction of manufactured imports? Which firms should enjoy these transfers of technology and what should be their legal status so as to benefit the country?

What is meant by lasting growth and development? How can one reconcile the ancestral land rights of aboriginal populations in Brazil, development of food-supply sovereignty, reducing the exportation of agricultural products and reducing the foreign debt? How can the protection of world biodiversity, of which Ecuador has a great share, with access to fuel and power indispensable for its development, be assured when important reserves of oil and gas lie in its subsoil?

How to build a democratic and united regional alliance

Speaking a common language (except for Brazil) and having a shared history of Iberian conquest of their lands at the end of the 17th century and of national liberation in the 19th, of economic expansion during the crisis of the Second World War followed by the return of a new North American imperialism, which was responsible for the unbearable increase in their external debt, the Latin American countries (especially those of the South) are, on the whole, in favour of regional alliances.

However, at present, there co-exist, in South America, several different kinds of institutionalised regional cooperation that do not all have the same
objectives. Firstly, there is the Organisation of American States (OAS) created on United States initiative with the aim of developing “free trade” between the American states. Then the setting up of MERCOSUR, a regional union that only covers four South American countries (Argentina, Brazil, Paraguay and Uruguay) whose objective was to struggle against the enormous foreign debt by creating a “common market” but, not having given up the “productivist” mode of production, and which has to deal has to deal with a disaster from the long-term development point of view. Then we had, in the 2000s decade, the arrival of the first progressive governments to office and the awareness of the immense resources that South America possesses and the building of the UNASUR, that brings together twelve countries of South America, determined to oppose any alliance of the LACA kind (set up on US initiative but defeated at the Caribbean summit in 2005). This aimed at ensuring that decision-making was in the hands of heads of state, not the financial markets, while setting up joint projects. Finally, we have the creation of the Banco del Sur and ALBA, an alliance between Bolivia, Cuba, Ecuador, Nicaragua and some Caribbean countries that share the same political objectives (the Bolivarian Alliance).

The co-existence of these different regional structures, each of which has a different objective but which partially bring together many of the same countries is not devoid of problems. However, in the context of the present crisis and the recomposition of the international balance of forces, the building of a new political power and a centre for the development of South America does not seem utopian, in view of the continent’s enormous wealth in natural resources and of all the things that unite these countries.

However, the questions remain: How to avoid reproducing the capitalist principles underlying the building of the European Union and free ourselves from being dominated by economic and financial monopolies? How to build a union based on solidarity that is not reduced to just technical cooperation as is still the case in SUCRE (the regional system of monetary compensation) the new common currency between the ALBA countries while at the same time reducing the enormous disparity in development between Brazil and its neighbours Uruguay and Paraguay? How to integrate the greatest number of countries into this regional Union while scrupulously respecting their national sovereignty?

As can be seen, the challenges that face these progressive governments of Latin America are far from being insignificant. The issues they raise are also in the foreground of European concerns.
Straitjacket (1974)
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