Europe on rations: the Afghan war and the dilemma of European capitalism

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On January 1, a new currency was introduced in twelve European countries. Instead of paying in pesetas, liras, drachmas, francs and marks, approximately 300 million Europeans are now using one common currency, the euro.

The euro-zone stretches from Portugal, Spain, Italy and Greece in the south through France, Belgium, Luxembourg, Holland, Germany and Austria in the centre, to Finland in the north. Out of the present 15 members of the European Union only Britain, Denmark and Sweden have not joined it.

The introduction of the euro represents a major step towards the economic unification of the continent, and in this sense is undoubtedly progressive. At first sight, there seems to be little connection between this step and the present war in Afghanistan. Looked at in a broader historical context, however, both events are closely interconnected. They both relate to the issue that has become the focus of international politics over the last 10 years: the struggle for global hegemony, for world power, for a re-division of the world, which has erupted once again between the major powers after the collapse of the Soviet Union.

Three years ago, when the euro was introduced as a virtual currency and the exchange rates between the European currencies were fixed, numerous articles in international policy magazines discussed the significance of this step. They inevitably arrived at the conclusion that the euro was the biggest challenge to the economic and, as a result, political hegemony of the United States of America since the 1920s, when the dollar replaced sterling as the leading international currency.

One American economist, C. Fred Bergsten, for example, wrote in *Foreign Affairs*: “The launch of the euro offers the prospect of a new bipolar international economic order that could replace America’s hegemony since World War II.... The euro is likely to challenge the international financial dominance of the dollar.”[1]

And a German colleague remarked in a publication of the Friedrich Ebert Foundation that European Monetary Union was “the potentially most serious challenge for the future supremacy of the USA. With the euro, the dollar gets a serious rival for the first time in 70 years.”[2]

American capital is not passively submitting to this challenge to its hegemony. It makes use of its military superiority to counteract the challenge to its dominant economic position. This is the underlying logic of the repeated eruptions of American militarism over the last 10 years, which have found their momentary climax in the present war in Afghanistan.

What we can see here are the seeds of a conflict that will increasingly dominate future political developments. Looked at from the basic facts of world economy, a clash of American and European interests is inevitable—even though only a few politicians and commentators would publicly acknowledge this at present. And the struggle for geopolitical influence and economic interests will more and more assume openly militaristic forms.

We cannot predict what forms these conflicts will take—an alliance of all European powers, with or without Russia, against America; a renewed fracturing of Europe under the weight of American pressure; an alliance of Europe with America against China, Russia or India. But we can say for certain there will be no peaceful solution to these conflicts.

Of course we do not see this in a fatalistic way. A third world war is only inevitable if the working class is unable to resist it. The very processes that are setting American and European capital against each other and producing military eruptions on a scale not seen since 1945 also intensify social tensions to the extreme and produce political shake-ups that affect millions of people, bring them into motion and turn them towards politics. It is our task to provide them with an orientation. The unification of the international working class on the basis of a socialist programme is the only viable answer to the threat of another imperialist war.

Central to this task is the struggle against any trace of nationalism and chauvinism. This is of particular importance in Europe, where, because it finds itself in a somewhat weaker position, chauvinism directed against America can easily be cloaked in left-wing terminology.

Our answer to the eruption of US militarism is not to appeal to the European governments to resist it. We are not contrasting cultured and reasonable European statesmanship with the cowboy methods of the Texan George W. Bush. Europe, compared with the United States, may be in the weaker position at present. But history has demonstrated that the European bourgeoisie—and the German bourgeoisie in particular—are capable of the most barbaric crimes in the attempt to overcome this disadvantage.

We understand that the present eruption of US imperialism is the result of the insoluble contradictions of the capitalist system as a whole.

The rise of the United States to the dominant economic and political power dates back to the first half of the previous century. Towards the end of the nineteenth century, America underwent a rapid industrial and economic development. Its national borders, as broad as they were, soon became too narrow to sustain its economic growth. The United States embarked on the path of imperialist expansion—first in the Caribbean, South America and the Pacific, then in Europe. The First World War marked the beginning of its hegemony over the old continent.

The war raised America, lowered Europe and laid bare an abrupt shift of the world axis. While the European powers had destroyed and ruined each other, America came out of the war richer and more powerful than before. It assumed the role of the principal factory, the principal depot for commodities and the central banker of the world, which had previously belonged to Europe, above all to England.

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America's political hegemony was based on its economic hegemony. It possessed 60 percent of the world's gold and produced between one and two thirds of the world's major commodities—80 percent of the world's cars, 70 percent of the world's oil and 60 percent of iron and steel were produced on American soil.

Europe, ruined by the war and fragmented by numerous borders, was dependent on American loans and at the same time ailing under its pressure. There was no way out of this impasse under capitalism. Because the workers movement was paralysed by the crisis of its leadership, European capitalism developed the disease known as fascism. The task of fascism was twofold: to smash the workers movement and to pave a way out of the capitalist dead end by means of military force. Germany, which had failed to reorganise Europe in 1918, tried it again in 1941—and failed once more.

The economic reserves of the United States proved strong enough to sustain the social crisis at home by means of the New Deal and to intervene decisively in the war against Nazi Germany and Japan. The main burden of the war was carried by the Soviet Union, which, despite the treacherous role of Stalinism, mobilised all the heroism of its people in the struggle against fascism. But for its final outcome, American money, soldiers and weapons played a decisive role.

After the war the economic, military and political hegemony of the US was as strong, if not stronger, than before. However, in order to avoid social revolution in Europe and to contain the Soviet Union, as well as in the interest of its own commodity and capital exports, the US was obliged to assist its European and Japanese rivals and to help them rebuild their economies.

By the end of the 1960s, the US had largely lost its hegemonic position in the sphere of production and trade. The economic performance of the European Union was about equal to that of the US, as was its share of world trade. Japan produced and exported about half as much. This has—if one disregards temporary fluctuations—remained so ever since.

The changed relation of forces in the world economy found its most dramatic political expression when US President Richard Nixon, in a one-sided act, cancelled the Bretton Woods monetary agreement in August 1971. The agreement, signed at the end of the war, had formed the basis of the post-war economic system and had secured American hegemony.

With the beginning of détente with the Soviet Union, tensions between Europe and America increased considerably. Sections within the German bourgeoisie, particularly within the Social Democratic Party (SPD), saw a chance to attain more independence from the US by establishing closer links with Moscow and East Berlin.

In 1973, fierce arguments over a New Atlantic Charter extended over an entire year. US Secretary of State Henry Kissinger insisted that future American security guarantees to Europe be tied to European concessions in the economic sphere. Finally, in the Atlantic Declaration of June 1974, the European members of the Alliance accepted such a link. They pledged to ensure "their security relations are strengthened by harmonious relations on the political and economical field."[3]

The pressure exerted by the US at that time gave a big impulse to European integration.

As long as it did not challenge American hegemony, the US had encouraged European integration in order to avoid a repetition of the social convulsions and political crises of the 1920s, and because the removal of borders and tariffs made it easier for American commodities and capital to penetrate the continent. Now major sections of the European bourgeoisie began to see European integration as a means of counteracting American hegemony.

During the 1970s the integration of Europe made considerable progress. France gave up its resistance to British membership. The number of members rose from nine to twelve and finally to fifteen. The European Economic Community was transformed into the European Community with increased jurisdiction over many fields. First attempts to link European currencies closely together were made.

French President Valéry Giscard d'Estaing and German Chancellor Helmut Schmidt, who both considered themselves to be economic experts, played the leading role in this.

However, there was a definite limit on how far the conflict with the US could be driven. Despite the policy of détente, the antagonism with the Soviet Union was still the dominant factor in world politics. The European bourgeoisie needed America for its military defence. The US was still seen as the "benevolent hegemon", in that its military hegemony was considered to be in Europe's own interest.

The disintegration and final collapse of the Soviet Union removed this limit and fundamentally changed the relation between America and Europe.

On the one hand, considerable sections of the American ruling elite looked upon the demise of the Soviet Union as a chance to establish unchallenged global hegemony. "The claim for hegemonic leadership, limited to the Western world until 1990, was expanded into the claim for global rule," as one German historian commented.[4]

On the other hand, the European elite no longer saw any need to subordinate itself to the hegemony of the US. "The integration of Europe into American hegemony had been tied to the conflict with the Soviet Union and was futile after its end," the same author wrote. The European bourgeoisie demanded "Gleichberechtigung"—equality with its transatlantic partner—a demand with which the US was not prepared to comply.

Almost immediately a series of conflicts developed that have not been resolved to this day.

On the *economic* level, Europe challenged the US on the one field where it still maintained a dominant position: the role of the dollar as the world's main currency.

Since the Second World War, the dollar has been more important than any other single currency as a store of value, a medium of exchange and unit of account for official and private users.

As late as in the middle 1990s, the weight of the dollar on the international markets was more than twice as much as the contribution made by the American economy to the world's GNP and trade. In 1995 the dollar served as the invoicing currency for almost 50 percent of world trade and even a third of all inter-European trade. The dollar was the currency of denomination of 77 percent of international bank loans, 40 percent of international bond issues and 44 percent of European currency deposits; 62 percent of global currency reserves were held in dollars, compared to 26 percent in European Union currencies.

The dominant role of the dollar brought considerable advantages to US capital. It facilitated the attraction of international assets and investments, US authorities had a larger range of fiscal policy options, and foreign governments themselves had an interest in the stability of the dollar.

In December 1991, the very month the Soviet Union was formally dissolved, the heads of states and governments of the European Union met in Maastricht and mounted a major challenge to the dollar. They decided to establish a European Monetary Union by 1999.

The driving forces behind this decision were French President François Mitterrand and German Chancellor Helmut Kohl.

For Mitterrand, monetary union was a means to keep Germany under control, after reunification had made it by far the biggest and economically strongest power in Europe. Kohl, on the other hand, was confident that monetary union would allow Germany to play a dominant role in Europe. As a disciple of Konrad Adenauer [first chancellor of the Federal Republic of Germany (West Germany)], he feared that Germany might once again be isolated and was eager to integrate it closely with its European neighbours. Both Mitterrand and Kohl agreed that monetary union was necessary to challenge the dominant role of the dollar.

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In contrast to many other long-term projects decided by the European Union, Monetary Union was implemented on time. As planned in Maastricht, the euro technically replaced most EU currencies in January 1999. Three years later, at the beginning of January 2002, banknotes and coins were replaced and the euro became a physical reality for the European population.

This step has vast political implications. As one German observer remarked: "This markedly changes the distribution of power within the Atlantic Alliance. If the European Union announced in Maastricht was only a concept up to now, it has now become reality in an important sector. Its 12 members have not only left the dollar zone, they have also built the euro into a second leading world currency.... The emancipation of Western Europe from dependence on the US has reached a new quality. This was clearly registered in Washington."[5]

On the *military* level, it is much more difficult for Europe to challenge American hegemony. Here the American advantage is outstanding.

With $283 billion, its contribution to total NATO expenditures is 50 percent higher than that of all the European NATO members taken together. It spends 3.1 percent of its GNP for military purposes, compared to the 2.2 percent European average and just 1.5 percent in Germany.

These figures, however, do not reflect the real relationship of forces. According to a study of the US Department of Defense, the efficiency of the European NATO forces is only one tenth of their American counterpart. The reason for this is that every European country has its own command structures and finances its own research and development. Most expenditure goes into salaries and wages. Europe keeps 2.3 million troops under arms—many of them poorly trained conscripts. America in contrast maintains only 1.4 million professional soldiers. As a result, the US spends only 39 percent of its military budget on salaries and wages—in Germany it is 60 percent, in Portugal 79 percent. Conversely, the amount spent for military hardware per soldier in the US is three times as high as in Germany or the European average.

Accordingly, European efforts on military reform have concentrated on building joint command structures, developing joint weapons programmes independent of American arms manufacturers (like the new Airbus military transport plane), reducing the number of troops and transforming conscript armies into highly trained professional armies.

This is a costly and protracted project, which is difficult to achieve under conditions where all European governments struggle with huge budget deficits and where military expenditure is highly unpopular—particularly when it accompanied by massive cuts social in social services. What is more, the European bourgeoisie finds it very hard to arrive at a common agenda on how it should proceed. Inter-European rivalries—particularly between Germany, France and Britain—still play a major role and tend to be exacerbated whenever the US exerts pressure on Europe.

Since 1990, numerous decisions have been taken and partly implemented, aimed at giving Europe an independent military and political role on the world stage. The most important was undoubtedly the Maastricht treaty signed in 1992. It not only provided for a European Monetary Union, but also for a common foreign policy. And in the long term it envisages the formation of a political union.

In the same year, the German-French brigade, established somewhat earlier, was transformed into an all-European corps, and the Western European Union—an idle relic from the post-war period—was revived and established as a defence component of the European Union. The aim of both measures was—as Mitterrand and Kohl explained in a joint statement—"to provide the European Union with the means for independent military action."[6]

The US government, supported by Britain, initially firmly resisted any such project for European military independence. The former President Bush explicitly opposed plans to transform the WEU into the defence arm of the European Union and to make the Euro-corps the heart of an independent European military structure.

A diplomatic note, sent in February 1991 by the US government, stated bluntly: "In our view, efforts to construct a European pillar by redefining and limiting NATO's role, by weakening its structure, or by creating a monolithic bloc of certain members would be misguided. We would hope such efforts would be resisted firmly."

Another US government document, the "Defence Planning Guidance for the Fiscal Years 1994 to 1999", stated: "While the United States supports the goal of European integration, we must seek to prevent the emergence of European-only security arrangements which would undermine NATO, particularly the Alliance's integrated command structure."[7]

The Clinton administration took a somewhat more conciliatory attitude. A compromise was reached when France agreed to join the integrated NATO military structure in return for a stronger role for its European component. In 1994 the Brussels NATO summit gave the green light to a restructuring of the alliance that would allow for independent military activities by the European members, under the auspices of the WEU. There was, however, an important condition: such activities had to be decided unanimously by the NATO council. This gave the US veto power.

The European governments were not ready to resign themselves to this state of affairs. In the Amsterdam treaty of 1997, the EU concretised its plans to develop a common foreign and security policy. The implementation of this decision was facilitated by a turnaround in the British position. While the British government had previously blocked all French and German initiatives for a more independent military role, Prime Minister Tony Blair gave his explicit support to an autonomous role of the European military during the French-British summit at St. Malo in December 1998.

The joint statement agreed by Blair and French President Jacques Chirac read: "The Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them and the readiness to do so, in order to respond to international crises."

The background for the change in the British position was the Kosovo war, which became a turning point and catalyst for the European efforts toward military independence.

According to one European commentator, the US "used the occasion, to definitively implement US-dominated NATO as the only security power in Europe and to relegate its rivals". "In the war with Serbia," he complained, "the European military was deliberately displayed as hopelessly backward, inefficient and old-fashioned. The warfare against Serbia was not decided upon in the Allied headquarters of the air force in Ramstein, but in the American Pentagon and passed on to NATO for implementation. The Allies were not even informed about the missions of American long-range bombers."[8]

The European Union reacted to this "humiliation", as the above quoted author calls it, at its Cologne summit in June 1999. It decided on a number of concrete steps to establish its own armed forces. It intends to establish a Euro-corps of 50,000 to 60,000 troops that will be ready by 2003. The Euro-corps will be independent and on the same technical level as the American forces.

The decisions of the Cologne summit, further concretised at the Helsinki summit in the same year and the Feira summit in June 2000, mark a turning point in transatlantic relations: the transformation of military partners into military competitors. The political intention of this step is quite obvious. It aims to create a "new balance" between America and Europe on the basis of "real equality"—as the German defence minister Rudolf Scharping put it.[9]

Developments after the Cologne summit in 1999 and after the establishment of the euro seem to indicate that European attempts to challenge American hegemony have not achieved very much. The euro did not fulfil the expectations placed upon it. Instead of rising against the

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dollar, as many experts on both side of the Atlantic had predicted, it has lost a quarter of its value since it was introduced three years ago. The dollar proved to be far stronger than the euro in attracting international capital flows. But this is certainly not a sign of the inherent strength of the American economy, which rests on extremely fragile foundations. It cannot be excluded that in case of a sharp crisis in America the euro will substantially rise again. Nevertheless, its initial fall points to the enormous contradictions and problems of European capitalism, which will intensify when the conflict with America escalates.

On the military level, the Afghan war—as the war against Serbia before it—has once again exposed the inferiority of the European military to the American war machine.

It would be an exaggeration to claim that the only purpose of this war was to weaken America's European rivals, to counteract the European challenge to American hegemony. But it was certainly one of it major objectives.

This is obvious when we look at the key strategic aims of the American war effort: control over the world's most important energy resources and the establishment of military bases in a region, which—according to Zbigniew Brzezinski—is the key to world power in the twenty-first century. But also in a more immediate sense, this war has undermined European efforts to challenge America. It has caught Europe on the wrong foot.

Attempts to establish a common European foreign policy fell to pieces once the war had started. The names of Javier Solana, who had been appointed representative for European foreign policy after the Kosovo war, and Chris Patten, its commissioner for foreign affairs, disappeared from the headlines. The conduct of foreign policy was firmly back in the hands of London, Paris and Berlin. In particular the rush by Blair to unconditionally support the Bush administration frustrated any chance of a common European response.

Eventually all European governments declared their more or less unconditional support for the course taken by the US government. Behind this reaction was a mixture of intimidation by the aggressive stance taken by the US, and the fear that they might be completely left out of the Great Game for Oil and strategic influence if they did not themselves participate in the war.

Part 2

It would be completely wrong to conclude that the statements of solidarity with the Bush administration policy have in any way diminished the tensions between Europe and America. While official statements of government representatives have been generally moderated by diplomatic restraint, those made by politicians without direct government responsibility and articles in the press tell far more about the real attitude of the European elite. Indeed, the gap between the official attitude taken by the political establishment and the substance of a considerable number of press reports has been one of the most remarkable aspects of the European reaction to the war.

One political figure who has spelled out most bluntly the feelings of the European elite towards the trajectory of US foreign policy is former German Chancellor Helmut Schmidt, who is now in his eighties. Almost a year before the events of September 11 he delivered a major speech at Humboldt University on the theme, "The Self-assertion of Europe in the New Century".[1]

"Americans think that after the disappearance of the Soviet Union they are the only superpower in the world, and this is even true," he said. "Some of them think, in addition, that this gives them the task to rule the entire world—and this is wrong. They are not as all-knowing as they would like to be. The political class in America has a more limited understanding of the times and world events today than it used to have earlier."

Schmidt went on to attack a policy paper, agreed in 1999, which bestows on NATO the task of intervening world-wide, outside the borders of the alliance. "The idea behind this," he said, "is that the Europeans provide the soldiers and the Americans the generals, the airplanes and the satellites."

He then specifically pointed to the writings of Zbigniew Brzezinski, one of the masterminds behind the present war. Schmidt continued: "In a book and a major essay he stated explicitly that America as the only superpower has the task of 'keeping the Eurasian continent under control'. This borders on megalomania."

"It is not astonishing," Schmidt concluded, "that the heads of the European governments have seriously decided recently, after the experiences in Bosnia and Kosovo, to establish a common foreign and security policy. Ten years ago, maybe a Frenchman would have had this idea, but hardly any other European. Today this is the general reaction to the preponderance of Washington."

Once the war had started, a number of papers in France, Germany and also in Britain openly attacked America. Typical is the leading German news magazine *Der Spiegel*, which sells close to two million copies and maintains close contacts to the inner circles of the government. It reacted to the war by serialising Ahmed Rashid's book "Taliban: Islam, Oil and the New Great Game in Central Asia", which is very explicit about the real aims of the war.

In one article, *Der Spiegel* bitterly complained about "Washington's dream of a new empire". The initial hope for cooperation, it wrote, "has been thoroughly smashed. In particular many Europeans, who sided unconditionally with the US after the attacks of September 11, are indignant about this."

It goes on to quote numerous cases where the US refuses international cooperation: its unilateral cancellation of the ABM-treaty, its refusal to accept international control of its biological weapons, its refusal to support an international court in The Hague, the establishment of US war tribunals for non-US citizens.

Meanwhile, the administration on the other side of the Atlantic has—much more openly than its predecessor under Clinton—made the pursuit of America's national interest the guiding principle of its foreign policy. Let me cite one quote that sums up this outlook very well.

Shortly before the presidential election, present National Security Adviser Condoleezza Rice published an article in *Foreign Affairs* where she deplored the fact that "many in the United States are (and have always been) uncomfortable with the notions of power politics, great powers, and power balances. In an extreme form," she wrote, "this discomfort leads to ... the belief that the support of many states—or even better, of institutions like the United Nations—is essential to the legitimate exercise of power. The 'national interest' is replaced with 'humanitarian interests' or the interests of 'the international community'. The belief that the United States is exercising power legitimately only when it is doing so on behalf of someone or something else was deeply rooted in Wilsonian thought, and there are strong echoes of it in the Clinton administration. To be sure, there is nothing wrong with doing something that benefits all humanity, but that is, in a sense, a second-order effect. America's pursuit of the national interest will create conditions that promote freedom, markets, and peace."[2]

When we look at these statements and recent political developments, as well as the history of American-European relations and the underlying economic facts, we can predict with certainty that the conflict between America and Europe will play an increasingly dominant role in future political developments. What is still very much in the background of political debate must inevitably burst into the open and become a determining political factor.

It is impossible to establish the political independence of the working class without a clear understanding of this process and a clear attitude towards it. Our task is to combine intransigent opposition to US imperialism with equally intransigent opposition to the imperialist

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strivings of the European bourgeoisie.

There will be no shortage of attempts to blame America for the economic, social and political problems of Europe and to rally the European population, in particular the middle classes, behind their respective governments in the name of anti-Americanism. And there will be no lack of propaganda justifying European militarism with the demand for "equality" with the superior USA.

Such attempts already find a response among sections of the petty-bourgeois radicals. The tremendous speed with which the German Greens moved from pacifism into the camp of imperialist war has an objective significance. In their election platform they were categorically opposed to any deployment of German troops out of the area, i.e., outside of NATO territory. Since then, led by Foreign Minister Joschka Fischer, they have not only supported the deployment of German troops to Kosovo and Macedonia, but also to the Somalian coast and most recently to Kabul.

During the First World War, in his book on imperialism, Lenin described the "passage of the possessing classes in their entirety to the side of imperialism" as one of the characteristics of the imperialist epoch. And he warned that the working class is not immune to this. "No Chinese Wall separates it from the other classes."[3]

As Lenin demonstrated, opportunism served as the political-ideological mechanism to draw sections of the working class to the side of imperialism. This is highly relevant for today. In the ranks of the so-called anti-globalisation movement, among the petty-bourgeois radicals and on the left fringes of the social democratic, trade union and ex-Stalinist bureaucracies, there are numerous tendencies who combine, in one form or another, demagogic appeals to the social grievances of the working class with European or national chauvinism. They identify what they call "neo-liberal globalisation" with America. And they are more than willing to make common cause with their own governments in the struggle against American hegemony.

In Germany, attempts to build a new political movement on that basis are quite advanced. The movement Attac is providing a platform for figures like former SPD-leader Oskar Lafontaine, PDS-leader Gergor Gysi, former print union leader Detlef Hensche, dissident Greens and many others. At well-attended public meetings they share a platform, rub shoulders, sniff each other out, discuss their differences and test the reaction in the audience.

The success of this enterprise is far from certain. In the process of adapting to the ruling elite they are moving rapidly to the right, while powerful objective forces are driving the masses to the left. A strong political intervention on our part can effectively thwart their attempts to create a new centrist trap for the working class.

In his speech "Perspectives of World Development", delivered in 1924, Leon Trotsky said that America intends to "place Europe on rations":

"American capitalism is compelled not to render Europe capable of competition; it cannot allow England, and all the more so Germany and France, particularly Germany, to regain their world markets inasmuch as American capitalism finds itself hemmed in, because it is now an exporting capitalism—exporting both commodities and capital. American capitalism is seeking the position of world domination; it wants to establish an American imperialist autocracy over our planet. That is what it wants."[4]

As a consequence, Trotsky wrote, "it wants to put capitalist Europe on rations." "It will divide up the market into sectors; it will regulate the activity of the European financiers and industrialists ... it will specify how many tons, litres and kilograms and just what materials Europe has a right to buy and sell."

Two years later Trotsky wrote in the introduction to a pamphlet containing this speech: "The staggering material preponderance of the United States automatically excludes the possibility of economic upswing and regeneration for capitalist Europe. If in the past it was European capitalism that revolutionised the backward sections of the world, then today it is American capitalism that revolutionises over-mature Europe. She has no avenue of escape from the economic blind alley other than the proletarian revolution, the destruction of the tariff and state barriers, the creation of the Soviet United States of Europe and the federative unification with the USSR and the free peoples of Asia. The inevitable development of this gigantic struggle will unfailingly inaugurate as well the revolutionary epoch for the present capitalist overlord, the United States of America."[5]

With certain necessary corrections this analysis maintains its validity today.

The fact that the relative weight of the American economy is much smaller than it was 75 years ago and that Europe is less fractured and downtrodden than it was after the Versailles treaty can only mean that the struggle for world domination will take an even more aggressive and intensive character, and that the proletarian revolution in Europe and in America will be even more closely linked than foreseen by Trotsky in 1926.

Now—as in the 1920s—the conflict with America drives capitalist Europe into a blind alley with no other way out than the proletarian revolution. It intensifies all the economic, social and national conflicts on the old continent.

There are many signs of this: Cautious voices have already warned that the success of the euro is far from certain. They claim that a common currency cannot function when economic policy, tax policy, social policy and foreign policy remain in the hands of 12 individual governments. "To separate money from policy is a reckless business," a recent editorial in the *Süddeutsche Zeitung* stated, "because history teaches us that a currency used jointly by different nations breaks apart when a political crisis divides the states or pits them against each other."[6]

If no new rules are developed for the balance between nations and the European Union, the editorial warned, "then the Union will first stagnate and later be paralysed. This would be its creeping death, the end of a political idea. Now, after the euro is established, the problems will accumulate. Europe steers towards a cathartic crisis."

The inability of the European governments to provide a common answer to the war in Afghanistan and the recent resignation of Italian foreign minister Renato Ruggiero, who left the government because of disdainful remarks by his colleagues regarding the euro, have already triggered alarm bells among European business circles. The danger that Europe could be fractured and balkanised is clearly on the horizon. There is not only the danger that the old national antagonisms could reassert themselves, but with the emergence of regionalist movements like the Italian Lega Nord, Jörg Haider's Freedom Party in Austria and others a fracturing along regional lines is possible as well.

In addition, all economic experts agree that the euro can only succeed if social services, pensions and welfare are drastically cut and brought in line with American standards, i.e., close to zero. According to their analysis, the rise of the dollar in relation to the euro is the result of the massive budget cuts implemented in the United States over the last two decades. State expenditure in America is less than 30 percent of GNP, compared to 46 percent of GNP in Europe.[7]

Implementing such cuts under conditions where unemployment is already over 10 percent and there are clear signs of a sustained recession will affect millions of people and provoke a social explosion of gigantic proportions.

All these problems are exacerbated by the expansion of the European Union to the East.

As plans stand now, 10 new members—most of them former Stalinist states in Eastern Europe—will join the EU by 2004. Most are impoverished countries. In some cases living standards are only one tenth of the Western European level. The conditions set for their admission into the EU are

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driving living standards down further, ruining millions of small farmers, small businessmen and workers in factories that are not competitive on the world market.

Amongst the ruling circles in Europe, and particularly in Germany, there is widespread agreement that Eastern expansion must proceed. For them it is a strategic question. If Eastern Europe is left to itself, it might fall under American or, once again, under Russian influence. It might fracture like Yugoslavia, lapse into civil war and become a "security problem".

But the European Union is poorly prepared to digest such a massive new acquisition. As the experience with the former East Germany, where conditions were much better, has demonstrated, capitalist Europe is not able to integrate such states and resolve their problems. Twelve years after German unification, unemployment in the east is still twice as high as in the west. Whole areas of the former GDR are deserted because hundreds of thousands have left to find a better job in the west.

The expansion of the EU to the east creates not only a social disaster in the east, but increases social tensions in the west as well. The entrance of millions of relatively skilled but poorly paid workers into the EU will serve as a lever to drive existing wages and conditions down.

On the institutional level, a reform of the European institutions is considered vital for the functioning of the EU when it is expanded from 15 to 25 members. But this has made hardly any progress up until now. It is retarded by the rivalry between Britain, Germany and France and by the rivalry between big and small members.

On the economic level, the EU will be bankrupted by the expansion to the east if the present level of subsidies to farmers and the poor regions is maintained. If it is diminished, this will create further social tensions and further divisions among the present members.

The main preparation of the European governments in anticipation of inevitable social eruptions is a massive build-up of the repressive machinery of the state. Their reaction to the events of September 11 must be seen in this context. Although there were no similar terror attacks in Europe, they took their cue from the Bush administration and instigated a massive attack on democratic rights. New so-called anti-terror laws have been rushed through most European parliaments, all along the same pattern: extra powers are given to the police and secret services, while civil rights—in particular those of foreigners—are curtailed. In Germany, for instance, the strict separation of police and secret service has all but been abolished. This separation was established after the fall of the Nazi regime as a reaction to Hitler's all-powerful secret state police, the Gestapo.

It is obvious that these measures are not so much directed against a possible terrorist act by an individual or an organisation, but are aimed at the emergence of a social or political mass movement jeopardising the present forms of rule.

There can be no doubt that opposition to militarism and war, opposition to the attack on democratic rights and opposition to deteriorating social conditions will lead to popular mass movements throughout Europe. We must stand in the forefront on all these issues.

It is impossible to conduct a consistent struggle against war and in defence of social and democratic rights separate from the strategy of world socialist revolution, separate from the internationalist perspective of the International Committee of the Fourth International.

There is an inevitable logic for those who defend European capitalism—because it is more social, more cultured, more reasonable—against American hegemony; who defend—as the terminology of the anti-globalisation movement goes—"social market economy" against "neo-liberal globalisation". It is impossible to side with the European bourgeoisie in the struggle against America and to oppose it when it attacks the working class at home. A social or political mass movement in Europe will inevitably undermine European capital in its competition with American capital. The struggle against American hegemony requires, therefore, that such movements be oppressed or neutralised; it requires a policy of truce or "Burgfrieden", as the German Social Democrats called it during the First World War.

We reject the crude anti-Americanism of the petty-bourgeois radicals. Our position is that two Americas (and two Europes) exist: the America of the bourgeoisie and the America of the working class. We base our struggle against US-imperialism on the international working class and not on sections of the European bourgeoisie and their middle class supporters.

As the conflict between Europe and America aggravates and intensifies, this question will inevitably move to the forefront and become a dividing line between socialism and every form of opportunism.

The profound changes of the last decade have already left their mark on the political landscape of Europe. All the old established parties are in deep crisis. This began with the disintegration of the traditional bourgeois right: the Christian Democrats in Italy, who virtually disappeared from the political scene; the French Gaullists and Liberals, who went through a series of splits and divisions: the British Tories, who were atomised in the last elections; and finally the German Christian Democrats, who were severely undermined by a financial scandal and inner divisions after they lost power in 1998.

The most important reason for this crisis is the polarisation of the middle classes, on whom these parties had traditionally rested. It is no longer possible to combine the interests of big business with handouts to large sections of the middle class and concessions to the working class.

The crisis of the conservative parties led to a resurgence of the social democrats. By 1998 all the major European countries, with the exception of Spain, were ruled by social democrats. To some extent they received the support of workers who saw them as the lesser evil. To some extent as well they were able to win over sections of the middle class who had deserted the conservatives. That was what lay behind Blair's slogan "The Third Way", which was translated into "Neue Mitte"—the new middle ground—by Schröder in Germany. Blair and Schröder failed to notice that the middle ground, on which they were basing themselves, was rapidly disintegrating.

Once the Social Democrats were in power, it soon became clear they represented no alternative to the conservatives and their decline began. In Italy, the former Stalinists, who took 50 years to achieve power, needed only three years to lose it again. In France, there is a real chance that the Gaullist Jacques Chirac will win the presidential elections in April, and in Germany, where a second term for Schröder seemed certain until a few weeks ago, the result of the federal election in autumn is now considered open.

As I noted before, the rapid passage of the German Greens into the camp of imperialist militarism has objective significance. They are an almost chemically pure middle class party that emerged from the 1968 protest movement. The tremendous speed with which they abandoned all their previous standpoints is a measure of the depth and extent of the explosive contradictions tearing society apart. They leave no room for a halfway position.

Over the last five years there have been repeated attempts to fill the void created by the decay of the traditional parties with extreme right-wing formations. As a rule, these groups combine demagogic appeals to social problems with xenophobia, calls for law and order and liberal economic policies in the interest of the most parasitic layers of finance capital. In some cases they were able to profit from the general dissatisfaction and win a considerable number of votes. But once they entered government, they generally proved to be extremely unstable and fell apart due to corruption scandals, or—as with Haider's Freedom Party in Austria—divisions between those who implemented the liberal economic policies and those who tried to maintain the populist appeal to the masses.

This has not stopped them from making new attempts to win support among broader sections of the ruling elite. The installation of the

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Berlusconi government in Italy is certainly a qualitatively new step in this direction. Berlusconi bases himself on extreme right-wing forces: the fascists of the National Alliance and the separatists and rabid xenophobes of the Lega Nord. His own party, Forza Italia, is mainly an instrument to further his own business interests. Its motto is, as one German paper put it this week, “All for one, one for himself!” The extremely narrow scope of interests represented by this government and the excessive influence right-wing forces exert upon it show definite parallels to the Bush administration.

The Berlusconi government demonstrates the danger of a renewed fracturing of Europe. It has become a major destabilising factor, as recent rows over a European warrant of arrest, Berlusconi’s denunciation of Islam, attacks of members of his government on the euro and the resignation of foreign minister Ruggiero have demonstrated.

In Austria, the Freedom Party has just initiated a referendum demanding that the shutdown of the Czech nuclear power plant at Temelin be made a precondition for the acceptance of the Czech Republic into the EU, in an attempt to mobilise justified fears of a nuclear disaster to block the expansion of the EU to the east.

In Germany, the nomination of the head of the Bavarian CSU Edmund Stoiber as the official challenger to Chancellor Schröder in the coming federal election points to a development in the same direction. Stoiber’s nomination was preceded by a long conflict with Angela Merkel. Merkel, who heads the Christian Democratic Union and is supported by former Chancellor Helmut Kohl, stands for a more traditional policy of compromise and moderation than Stoiber, who is on the far right of the Christian Democrats.

Stoiber has a reputation as a law-and-order man. He has publicly supported the incorporation of Haider’s Freedom Party into the Austrian government, when this was officially boycotted by the EU. He maintains close contacts to Forza Italia in Italy. And he is a strong supporter of what is termed a “Europe of the regions”, i.e., a balkanisation of Europe along regional lines. The rise of these right-wing forces is not so much a result of genuine support among the population, but of the complete bankruptcy of the forces that preceded them—the Social Democrats, Greens, ex-Stalinists, etc. These parties have proven completely unable to defend even the most elementary democratic rights or living standards and have paved the way for these right-wing forces by promoting xenophobia and law-and-order policies themselves.

As a consequence, the task of defending democratic and social rights rests entirely with the working class.

To some up: Where is Europe going? The intensification of inter-imperialist antagonisms, which form the background of the present war in Afghanistan, exacerbates all economic and social conflicts within Europe. The sharpening conflict with America leads to a growth of militarism and authoritarianism; it speeds up political developments and will provoke social eruptions on a massive scale. To use Trotsky’s words, it revolutionises Europe.

What is our answer to this? How do we prepare for this? The issue is not to find some impressionistic, agitational approach, but a political orientation.

One of the hallmarks of activism, as carried out by the British Workers Revolutionary Party prior to its split with the International Committee, is that it judges every political event from the standpoint of its agitational potential: “How can I use it to mobilise the working class? How can I use it to get some action going, to organise a demonstration?”

This is the outlook of revisionist groups like Militant or the state capitalists. In the name of “doing something” they ally themselves with movements like Attac, with Stalinists, left-wing social democrats, dissident Greens and trade union bureaucrats. In the name of “unity” they welcome everyone who is opposed to the US war policy. This leads them directly into the camp of European imperialism.

We understand the war as the outcome of the historical contradictions of the capitalist system as a whole. Our answer to the growing conflict between Europe and America is the unity of the European and American working class.

In a similar way, we do not adapt to those who oppose the European Union in the name of national sovereignty, or to those in the trade union bureaucracy who oppose its expansion to the east in the name of protecting labour standards in the west. Our answer to the European Union dominated by business interests and the major European powers is the United Socialist States of Europe.

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