

The international crisis of capitalism and the bankruptcy of the “social market economy”

Partei für Soziale Gleichheit
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The following text was distributed on October 2, 2004 at the Berlin national demonstration against the Hartz IV laws.

One and a half decades after the collapse of the GDR and the fall of the Berlin wall, there is little more to be heard of the chorus that then proclaimed the “triumph of capitalism.” Instead, the economic, social and political crisis of the capitalist system is taking ever-more extreme forms.

Anyone who in the course of the past few weeks thought that the renewed protests and regular Monday demonstrations against the anti-welfare Hartz IV measures would pressure the government into changing course has learned better. Neither electoral defeats nor protest rallies will divert the government from attempting to implement the cuts to the German social and welfare state embodied in its Agenda 2010 and Hartz IV legislation. The SPD (German Social Democratic Party)-Green Party coalition government has made this absolutely plain over past weeks.

Backing the government is a united front that includes everyone from the SPD and Greens to the Christian Democrats (CDU/CSU), the liberal Free Democratic Party (FDP), business organisations, the trade unions, the churches and broad sections of the media. German President Horst Köhler recently spoke on behalf of this entire cartel, when he announced the end of all promises on the part of the state, stressing that social inequality should no longer be covered up, but rather accepted. It may seem that the post-Stalinist Party of Democratic Socialism (PDS) stands apart from this front. In reality, however, while the party declares its solidarity with anti-government protests, in those regions where it has joined the government it has been actively implementing Hartz IV and other measures aimed at dismantling the welfare state.

The trade unions and the anti-globalisation movement Attac are also playing a thoroughly dubious role. Both criticise the government, but then use their influence to ensure that popular resistance is kept at the lowest political level. As a result, the demonstrations are allowed to peter out. The leaders of Germany’s IG Metall and Ver.di trade unions agree with German Chancellor Schröder that there is no alternative to Agenda 2010 and Hartz IV, and have effectively worked to sabotage today’s demonstration.

Social misery and decay, which are worsening on a daily basis and forcing increasing numbers into angry responses, make it necessary to draw up a political balance sheet. In this respect, it is necessary to look reality in the face.

In the first place, it is necessary to confront the fact that the current crisis cannot be resolved within the national state and the

framework of capitalist society.

Anyone who maintains that social decline can be prevented by a return to the sorts of reforms associated with Willy Brandt, the social democratic chancellor of the 1970s, is either utterly naïve or a conscious liar. This, however, is precisely the political prescription jointly proposed by Oskar Lafontaine (SPD), the PDS, the so-called “Initiative Work and Social Justice,” Attac and the trade unions.

The world has altered fundamentally over the past 30 years. The ruling class reacted to the economic crisis and militant workers’ struggles of the seventies by abolishing national regulations, customs and trade restrictions thereby establishing access to cheap labour markets, raw materials and international finance markets. At the same time, it commenced a continuous offensive against the rights and social gains of the workers’ movement.

The globalisation of production and financial markets has destroyed the basis for national reform policies. This was the principal reason for the collapse of the Soviet Union and the GDR. It was not socialism that failed but Stalinism—the attempt by a privileged bureaucracy to establish state-directed production within a national framework. The isolated economies of these countries were incapable of withstanding the growing pressure of the world market. A socialist society can only be built on an international basis.

Globalisation, however, has also rendered bankrupt the reformist prescriptions of social democracy and the trade unions. Whole economic sectors—information technology, the auto industry, the accountancy of major companies and other services—can be transferred to cheap-labour countries with the minimum of expense. Even those business sectors that are firmly tied to the area are confronted with pressure from global competition. Strikes for higher wages become ineffective when just a few kilometres away—in Poland and the Czech Republic—the same work is being done for just a fifth of German wage rates, while in countries like China and India wages stand at one or two dollars per day. Public services are also hit, when regions compete for the lowest tax levels.

Hartz IV is not just a problem for the east of the country. While the attacks originally began against the long-term unemployed, major companies such as Siemens, Daimler, General Motors, VW and Karstadt/Quelle are now systematically deepening these attacks and blackmailing their workforces. When compared to the US and Great Britain, the current vicious assault on wages and

social gains in Germany is belated, and as a result takes an even more aggressive form. Whoever claims today that globalisation is just propaganda is simply sticking his head in the sand and refusing to recognise reality.

The SPD has reacted to these developments in the same way it always responds in times of crisis. It stands foursquare with the ruling class. The gulf between rich and poor in Germany has grown dramatically under the current SPD-Green government. According to figures issued by the German Federal Bank, the average wealth of the richest 10 percent has risen by 40 percent in the west of the country and 100 percent in the east. Over the same period, there has been a dramatic decline in the wealth of the poorest quarter of the population.

Growing international competition has led to the re-emergence of historical problems that erupted in the twentieth century and remain unresolved. Acting as if two world wars had not taken place, the Great Powers are once again embroiled in a race for the domination of the most important energy sources and control of raw material and export markets.

The Iraq war made clear that the biggest and most influential of the Western powers—the US—has been transformed from a factor for international stability into the most significant element for instability. The aim of the war was to ensure American domination of the oil reserves in the Middle East and secure an unchallenged global hegemony. The reality of the war has emerged as a disaster for the US that even overshadows its defeat in Vietnam.

European governments have reacted to these developments by undertaking their own rearmament, thereby preparing for a situation where they can counter American aggression with their own preventive wars. The physical and financial costs of these measures are to be paid for by ordinary people.

The real roots of the constant barrage of attacks being waged against wages, social gains and every form of social benefit is the historic crisis of the capitalist system. Fifteen years ago, at the time of the collapse of East Germany, it was claimed that capitalism was a superior system because it combined freedom and democracy with growing social wealth. However, the globalisation of production and the crisis of capitalism all over the world, which undermined and led to the collapse of the Stalinist countries, also augur the end of the “social market economy.”

It is necessary to confront this fact and draw the appropriate political conclusions.

Workers must become conscious of the irreconcilable conflict between their elementary interests and the entire political and social system. They must draw the lessons from the last century and return to the body of socialist convictions that were falsified and betrayed by social democracy and Stalinism. They must understand themselves to be part of an international class that can only resolve its problems in unison. This will enable working people to free themselves from the paralysing influence of the old, bankrupt organisations and intervene in political life as an independent force.

Above all, this requires the building of an international socialist workers’ party. This is the aim of the Social Equality Party, the German section of the International Committee of the Fourth International. It bases itself on powerful objective forces. The

globalisation of world economy not only led to the collapse of the Stalinist regimes and removed the basis for the policy of the “social market economy”; it has also led to a powerful growth of the working class all over the world. From the US to China, from Russia to Poland and France, class contradictions have reached the boiling point. This will lead to an inevitable increase in revolutionary class struggles on a world scale.

Under these conditions, the perspective of the “United Socialist States of Europe” assumes great significance. The overcoming of European borders and the common use of the enormous technical and cultural resources and material riches of the continent would create the basis for rapidly overcoming poverty and backwardness, making possible a general improvement of living standards across Europe. This remains impossible, however, so long as the process of unification is determined by the profit interests of big business. A progressive union of Europe requires the political unification of the working class. Working people in eastern Europe and Turkey are important allies in the struggle against the big business interests that determine the course of the EU.

With the *World Socialist Web Site*, the Fourth International has developed a powerful tool for the construction of an international Marxist party. We call on all those interested to follow our analyses and reports, establish readers groups and join the Social Equality Party: Come to the meeting on October 10 featuring David North and discuss with the editor of the *World Socialist Web Site* the disastrous US policy in Iraq, the significance of the American presidential elections and the tasks of the international working class.

PSG/WSWS Meeting

Sunday, October 10, 3:00pm in BERLIN
Rathaus Schöneberg,
John-F.-Kennedy-Platz,
Raum 195/Forum



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Socialist Equality Party visit:

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