

A new period of class struggle and inter-imperialist conflict

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The following remarks were given by Chris Marsden, national secretary of the Socialist Equality Party of Britain, at an election-eve rally held Saturday, September 26 in Berlin by the Partei für Soziale Gleichheit (PSG—Socialist Equality Party) of Germany. The PSG ran candidates in last Sunday's federal elections to advance a socialist and internationalist program. Other speakers included PSG Chairman Ulrich Rippert, PSG Executive Committee member Christoph Vandreier, and Executive Committee member Peter Schwarz. (See "Germany: Successful rally in Berlin ends PSG election campaign").

I would like to thank my comrades in the PSG for this opportunity to speak to a German audience on our common political tasks. Such occasions are vital for the orientation and organisation of a new socialist movement in the working class.

Whatever the claims of signs of a recovery, of green shoots springing up, the global economy is in the midst of the worst systemic crisis since the 1930s. Its impact is twofold.

First, the ruling elites in every country have lost billions from their share prices and spent billions more in seeking to pull the international financial system back from the precipice. Internationally, the cost of the various stimulus packages has added \$35 trillion to state borrowing. The United States, for example, has spent, lent or committed something like \$13 trillion—equivalent to its entire gross domestic product for a year. The European powers have committed in excess of \$5 trillion—more than Germany's GDP.

They have to get this back. And they must do so under conditions where there has been no real recovery in the consumer market, in housing or anything else.

Germany remains a production powerhouse, unlike Britain. But what if there is no one capable of buying its goods? As the *New York Times* wrote of the G20 meeting, "If Americans don't start buying a lot of stuff again, can the world economy be saved? What's the global Plan B?"

Juliet Schor then commented that "much of the robust consumer growth of the past two decades was underpinned, not by income growth, but by the expansion of debt and an unsustainable growth in family labor hours.

"Hourly wage rates have stagnated since the 1970s.... Parents aged 25-54 added a whopping 358 hours of work to their annual schedules between 1979 and 2000. Questionable credit practices and a now-popped housing bubble allowed consumption demand to grow, but before the crash, debt to income and asset ratios were stratospheric."

America is just an extreme example. In every country, the working class is working harder and longer and is faced with massive levels of debt. Markets for goods are declining. So clawing back government debt and restoring profits demands more than ever slashing wages and pensions, speedups and mass sackings, as well as ending spending on vital services such as health and education.

In Germany there have been efforts to conceal the cuts being planned until after the election is over. In Britain, the ruling class is not prepared to

wait until 2010. It wants a general election in which the various parties compete for its support on the basis of the size of the cuts they are prepared to make.

Britain faces proportionately the biggest deficits of any large economy, after devoting £1.26 trillion to the rescue of the City of London, and the budget deficit is expected to reach £175 billion by the end of the fiscal year. The ratings agency Moody's estimates that British banks face another £130 billion in losses over the next 18 months, on top of the £110 billion already incurred.

Under these conditions, the bourgeoisie is baying for blood. And all three major parties in Britain have duly obliged. Labour Prime Minister Gordon Brown told the Trades Union Congress that cuts will have to be made, and his finance minister, Alistair Darling, began a series of meetings to determine where the axe will fall.

Fully £2 billion in cuts, or 5 percent of the budget, has already been identified in education. But cuts of 10 percent, even 20 percent are being demanded. It has been estimated that Britain will pay \$104 billion on debt interest alone in 2014, which exceeds the entire education budget.

The Conservatives and the Liberal Democrats, once seen as occupying opposite ends of the official political spectrum, now speak as one on the need for ruthless cuts, or, as Liberal Democrat leader Nick Clegg proclaimed, "Cuts that are savage and bold." The party's treasury spokesman, Vince Cable, was so intemperate that I had to check when I read that he had recommended cuts of £80 billion to £100 billion—about the same in euros.

These measures cannot be imposed without unleashing massive social struggles. The head of Britain's trade union federation, Brendan Barber, warned this month that unemployment could rise to 4.5 million, or 15 percent.

Such "prolonged mass unemployment," he said, "would not just do economic damage, but have terrible social effects. Last time we suffered slash and burn economics [under Margaret Thatcher], we had riots in the streets..."

Another union leader, Dave Prentis of Unison, warned, "We had massive cuts in the 1920s which led to the General Strike."

This is the type of situation for which the most politically advanced workers and young people must be prepared. We are entering a new era of revolutionary struggles, in which everything depends upon the formation of a new party of the working class committed to the overthrow of capitalism and the construction of socialism.

The second major impact of the deepening crisis is that it brings to a new pitch the antagonisms between the major imperialist powers. The conflict between the rival powers over strategic global resources and the world's markets has taken on ever more malignant forms—that of trade and military war.

To date, the imperialist powers have established a type of working relationship. The US has led the way in seeking to dominate the world's oil and gas resources in successive wars in the former Yugoslavia,

Afghanistan and Iraq. The European powers have sought to work with the US in the hope of sharing in the plunder. But antagonisms continue to deepen.

To give just one example, consider the reaction in both the US and Britain to Germany's deal with Magna and its collaboration with Russia. The *New York Times* said of the agreement, "As scrupulously as the administration in Washington has said nothing about it, an American official, who asked that his name not be used, told me, 'I think in general we've come to the point where the Germans feel they can take the United States for granted and do.'"

The *Financial Times Deutschland* wrote: "Acting like this, the German politicians are risking not just a bigger burden on the German taxpayer, they are also risking increased tensions in foreign policy... The decision impacts on other countries too—Great Britain, Poland and Spain—and it will have a particularly big impact on GM's major shareholder, the US. To endanger German foreign policy for the sake of an Austrian-Canadian company with Russian partners is just reckless."

It is historically significant that the UK's long enmity towards Germany is again taking bitter and dangerous forms.

For years, Germany was prepared to act as a cash cow for the European Union, helping to keep the single market functioning and even enabling the creation of a common currency. Under these conditions, the UK limited itself to a political alliance with Washington and support for its efforts to build up the so-called "New Europe" states in the east as a counterweight to German-French influence.

But with Germany asserting its interests ever more aggressively and unilaterally, tensions towards it are growing across the Atlantic, across the Channel and throughout Europe.

It could well be that the Conservatives will be the next government in the UK, and party leader David Cameron will make Blair seem like a veritable European enthusiast.

In June, the Tories broke from the European Peoples Party grouping in the European Parliament to form a new bloc with a number of far-right anti-federalist parties known as the European Conservatives and Reformists Group. It includes the Polish Law and Justice Party (PiS) of Jaroslaw and Lech Kaczynski, whose leading personnel have railed against "the Germanisation of western and northern Polish territories under the mask of Europeanisation," and the Latvian National Independence Movement, which sent representatives to a memorial ceremony celebrating the role of the Latvian Legion of the Waffen SS. The Tories are to hold a referendum on the Lisbon Treaty and a significant number of MPs are calling for withdrawal from the European Union.

To illustrate how acrimonious relations have become between the UK and Germany, permit me to draw attention to the proposals of the German government to implement various curbs on the financial markets. These include measures such as a cap on bonuses and even a form of the Tobin Tax on all financial trades. The US and the UK both regard Germany's initiatives as an attack on their domination of the financial industry. And that is precisely what they are.

German Finance Minister Peer Steinbrück gave an interview recently to *Stern* in which he savaged the UK government. He stated, amongst other things, "There is clearly a lobby in London that wants to defend its competitive advantage tooth and nail."

The British government was "doing its best" to sabotage stricter financial regulation at the G20, he said, and having "an especially hard time, to put it politely," agreeing to tougher regulation of hedge funds. Britain, he continued, was out of step with the rest of Europe in trying to keep its advantages in the financial markets and must "share the burden" of the financial crisis in the form of a tax on exchanges. "The central question is who pays the bill? It cannot be that the citizens of Europe should carry the whole cost."

He then warned, "We WILL effectively change the rules on the

financial markets. Politics is sometimes like a locomotive which comes slowly up to full speed."

This is extraordinarily frank language and so too was the response of the *Daily Telegraph*, the house organ of the Conservatives. It ran a reply by the wonderfully named Ambrose Evans-Pritchard. Describing Steinbrück as a "Westphalian bully," Pritchard railed against his "latest breathtaking provocations."

He continued, "What he said, in effect, is that Germany will marshal its forces to ensure that a chunk of the British economy is shut down—whatever the social consequences. This is the closest thing I have seen to a declaration of economic warfare in Western Europe in my lifetime."

Sometimes such a journalistic piece more clearly reveals the depth of tensions, which diplomacy prevents from being articulated by politicians—Mr. Steinbrück notwithstanding.

It is necessary to understand the implications of the escalating tensions between the major powers. It is now 70 years since World War II, which was how the previous contest between the imperialist powers for European and world hegemony ended. It is not required that we make predictions of an imminent outbreak of similar hostilities for us to understand that there are echoes today of the fraught international relations of the years preceding that terrible conflict.

In this too, as well as the issue of a global recession, the parallels with the 1930s must be understood.

That is why the party that the working class must now build has to be internationalist to the core. It must set out to unite the working classes of Europe with their brothers and sisters in the United States and internationally, setting its face against the noxious poison of nationalism and xenophobia.

That is also why the party required by workers in Germany is the PSG. No other party advances such an internationalist programme. Die Linke and its various satellites, together with the trade unions, instead advance protectionist measures implemented by and through the German state, aimed at offloading the crisis onto workers here and elsewhere—as has been demonstrated with Magna's 11,000 jobs cut.

Only a fundamental strategic turn offers a way forward. On behalf of the Socialist Equality Party of Britain, I can pledge to work together with you conscientiously towards these goals—the struggle for socialism and internationalism.



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