

# Peter Schwarz addresses Berlin election campaign rally

**Peter Schwarz**  
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*On September 17, the Partei für Soziale Gleichheit (Socialist Equality Party--PSG) held a European workers rally against racism, war and social cutbacks at the conclusion of the party's election campaign in Berlin. Representatives of the PSG and the International Committee of the Fourth International (ICFI) spoke on the crisis of capitalism, the programme of the PSG and the significance of the PSG election campaign.*

*In the coming days we will be publishing the most important contributions at the rally. The first of these is the speech by Peter Schwarz, secretary of the ICFI and member of the International Editorial Board of the World Socialist Web Site.*

In recent weeks we have conducted an ambitious campaign, perhaps the biggest and most ambitious in the history of our party, which will be 40 years old on Sunday. The Bund Sozialistischer Arbeiter (League of Socialist Workers), the forerunner of the PSG, was founded September 18-19, 1971 in Hannover.

I don't know how many votes we will receive tomorrow. We hope for the biggest possible total, but it depends on many factors outside of our control. Regardless of the election results, however, we have established a presence with this campaign that goes far beyond Berlin. While all other political parties are moving to the right, our party alone is fighting for an international socialist programme that will enable working people to intervene independently in political events.

Perhaps you remember the Berlin legislative elections five years ago. There were several parties claiming to take up social concerns or presenting themselves as a left alternative to the Social Democratic Party-Left Party Senate. At that time, one of the predecessors of the Left Party, the Election Alternative (WASG) criticized the austerity measures being introduced by the Senate and put forward its own slate of candidates. Other parties took up issues concerning pensioners and the unemployed. Today they are all gone. They have either joined the Left Party or been dissolved.

We are the only party that attacks the SPD-Left Party Senate from the left and consistently fights for the interests of workers, young people, pensioners, immigrants and the socially disadvantaged. This is seen far beyond the borders of Berlin and Germany. It leaves traces in the thinking of countless workers and young people—even if they currently regard our programme as too far-reaching and radical to join with us today.

The working class is already being confronted with sharp *social* conflicts with the ruling elite and their parties. Our campaign helps the working class become *politically* independent and conscious of its political tasks. This will become clear in the course of the next round of major class struggles.

## Capitalism in crisis

To understand the full significance of our election campaign, it must be viewed against the background of the intensification of the international class struggle. This is what I will address in the rest of my contribution.

If we review the developments of the last three years, there can be no doubt that we are at a historic turning point. Capitalism is in the deepest crisis since the 1930s. The fire that broke out three years ago on the international financial markets with the collapse of Lehman Brothers has become an all-engulfing conflagration. Not only banks, but entire states stand on the financial precipice. The euro, the second most important currency in the world after the dollar, is in serious danger.

Leading representatives of the bourgeoisie are aware of the extent of the crisis and its revolutionary implications. If you follow the financial press and other relevant publications, you will find far more dramatic evaluations than those which appear in the mass media and are aimed at a wider audience. Let me cite some examples.

1) The Swiss banking giant UBS recently published a report on the consequences of a failure of the euro. The economic costs, it states, would be devastating. If a weak country like Greece were to leave the euro, the cost in the first year would be between 40 and 50 percent of its gross domestic product. If a rich country like Germany were to leave the euro, the cost for Germany alone in the first year would be 20 to 25 percent of GDP.

“The economic cost is, in many ways, the least of the concerns investors should have about a break-up,” writes UBS. “It is worth observing that almost no modern fiat currency monetary unions have broken up without some form of authoritarian or military government, or civil war.”

2) On Wednesday, the Polish finance minister spoke to the European Parliament. He warned of a doubling of unemployment in rich countries within two years.

Then he reported a conversation with an old friend who now heads a large bank: “We were talking about the crisis in the euro zone. He told me, ‘You know, after all these political shocks, economic shocks, it is very unlikely indeed that in the next ten years we can avoid a war.’ A war, ladies and gentlemen. I am really thinking about obtaining a green card for my kids in the United States.”

3) Bloomberg recently published an article by finance expert George Magnus under the headline: “Give Karl Marx the Chance to Save the World Economy.”

He begins with the words: “Policymakers struggling to understand the barrage of financial panics, protests and other ills afflicting the world would do well to study the works of a long-dead economist: Karl Marx. The sooner they recognize we're facing a once-in-a-lifetime crisis of capitalism, the better equipped they will be to manage a way out of it. The spirit of Marx has risen from the grave amid the financial crisis and subsequent economic slump. The wily philosopher's analysis of

capitalism had a lot of flaws, but today's global economy bears some uncanny resemblances to the conditions he foresaw."

I could cite many more such examples that show how serious the ruling elite assesses the current crisis to be.

### **Bowing to the financial markets**

In Germany, the political parties are currently arguing over whether the debt crisis would be better answered with new rescue packages, euro bonds and a European economic government, or whether heavily indebted countries should be left to go bankrupt and be excluded from the monetary union. The first position is advocated by the Social Democrats, the Greens, the Left Party and a majority of the Christian Democratic Union (CDU). The second is supported by the Free Democratic Party (FDP), the Christian Social Union (CSU) and a minority within the CDU.

But both camps agree that working people must bear the costs of the crisis. Those who favour a European solution argue that all financial aid to the indebted countries must be tied to strict austerity measures and the imposition of a veritable financial dictatorship of the EU. The Social Democrats and the Greens are in this regard offering their services in enforcing the cuts dictated by the banks against the working class—as with Papandreou in Greece and Zapatero in Spain. The same role would be played in Germany by those like Steinbrück (SPD) and Trittin (Greens), with the blessing of Oskar Lafontaine of the Left Party.

The only difference between the supporters and opponents of allowing Greece to declare bankruptcy is that the proponents would carry through the social cuts in a nationalist struggle of each against every, while the opponents prefer a more controlled process under European direction. The social consequences would be devastating in both cases.

In Greece, one can see that already. The austerity measures dictated by the EU have pushed the country into a deep recession. It is caught in a vicious circle: the austerity measures exacerbate the recession, the recession depresses revenues and increases the budget deficit, the EU calls for further austerity measures, which in turn exacerbate the recession and the deficit. The EU then calls for more cuts, and so it goes without end.

It is already estimated that the average standard of living in Greece, which was already low before the crisis, will fall by 40 percent due to the austerity measures. The infrastructure is decaying and unemployment is reaching astronomical heights. It is like a heart attack in instalments.

At the same time, a Greek default threatens to pull all of Europe into the abyss.

There is not a single government or establishment party that opposes this absurd policy of ever more draconian austerity. To head off a full-scale depression, it is necessary to launch a massive programme of public works, running to hundreds of billions of euros, and tax speculative profits and high incomes, or confiscate them. But such measures are not even discussed.

All the established parties—the supposed left as well as the right—are prostrate before the financial markets and their insatiable demands. They all proclaim in unison that there is no alternative to austerity. They act as if the financial markets were a force of nature, like the weather, before which we are powerless.

Every day you can read in the newspapers how the financial markets are "nervous," how they "demand" this or that. Like a tribal deity that requires a human sacrifice each day, the financial markets are fed wage cuts, layoffs and privatizations to satisfy their ravenous greed.

### **The cause of the crisis**

But the financial markets are not a force of nature. Behind them stand concrete social interests. The financial crisis and the European debt crisis have not fallen from the sky. They are to a large extent the result of a redistribution of income and wealth which began no later than the early 1980s.

Since then, taxes on high incomes, wealth, inheritances and profits have been reduced drastically, while taxes that take their greatest toll on the masses of people, like the value added tax, have been increased. At the same time, wages have stagnated, production has fallen and benefits have been slashed. An ever-greater share of social wealth has flowed to the banks and the bank accounts of the rich.

In the US, corporate profits as compared to total economic output have reached the highest level in six decades. By contrast, wages have stagnated. Unemployment is above 9 percent and 15 percent of the population lives in abject poverty. Social inequality has reached its highest levels since the 1920s.

In order to increase their profits, the banks, hedge funds and insurance companies have increasingly resorted to criminal methods, culminating in the implosion of the sub-prime mortgage bubble that sparked the financial crash of September 2008.

First the banks were "rescued" with billions of dollars from the public coffers. This created enormous budget deficits. Now the banks insist that these gaps be filled by imposing brutal austerity measures. The crisis serves as a mechanism of social counterrevolution. All the social and democratic achievements fought for by the labour movement over the last six decades are being undone.

Appeals to the ruling class to listen to reason and forgo a portion of their wealth are useless. Today's financial aristocracy is just as unwilling to give up even a sliver of its wealth as the French aristocracy on the eve of the Revolution of 1789. Their rapacious class interests doom any attempt to resolve the crisis peacefully. Without breaking the power of the financial aristocracy, expropriating the banks and major industrial concerns and placing them under democratic control, not one social problem can be solved.

The ruling class is preparing systematically for violent class struggles. Everywhere in Europe authoritarian regimes are on the rise. The state apparatus is being strengthened, democratic rights are being dismantled. This is most evident in the UK. There, the government is fast-tracking rebellious teenagers through the courts, mainly for minor offences, and sentencing them to draconian prison terms, while the market speculators responsible for bringing entire national economies to the verge of ruin get away scot-free.

### **The war in Libya**

The war against Libya has to be seen in this context. Rarely has a colonial war of conquest been justified with such cynical arguments.

NATO and the belligerent powers are supposedly protecting the lives of the civilian population in Benghazi and seeking the overthrow of the Gaddafi regime because of its torture methods. But now thousands of civilians have been killed by the NATO bombing and the so-called "rebels." In Sirte and Bani Walid, in front of the television cameras, those laying siege are doing exactly what Gaddafi had supposedly intended in Benghazi: the indiscriminate bombing of the city, massacring the population.

As for the torture of political prisoners, documents were found in Tripoli

providing evidence of the close collaboration of Gaddafi's secret service with the American CIA and British MI6. Washington and London delivered up Gaddafi's victims by jet plane and then participated in their torture and interrogation.

The National Transitional Council, which NATO has bombed into power, lacks any democratic legitimacy. It consists of a mix of former Gaddafi ministers, Islamists and Western agents. It mainly differs from the previous government in that it is an even more pliant tool of the Western powers.

The latter are now queuing up in Tripoli to secure their own portion of the war booty. The visit to Libya by French President Sarkozy and British Prime Minister Cameron in the past week, followed a day later by the Turkish Prime Minister Erdogan, was hard to beat as an exercise in imperialist arrogance.

The war in Libya is the prelude to further colonial wars in the Middle East and Africa. With the intensification of the crisis, the great powers are returning to their old colonial methods. The militarily imposed regime-change in Libya serves not least to warn China to stay out of Africa.

What distinguishes the war in Libya from the Iraq war is the utter collapse of the peace movement. Those petty bourgeois groups that had protested against the Iraq war have now enthusiastically supported the war in Libya.

The transition of these former liberals and pacifists into the camp of imperialist war is so widespread that one cannot treat it as an individual phenomenon. Great social struggles often announce themselves through such political transformations. Political parties are preparing for the role they will play in future struggles.

On the eve of World War I a similar trend was observed. Lenin wrote of the embrace of imperialism: "The signs of the times are a 'general' enthusiasm regarding its prospects, a passionate defence of imperialism, and every possible embellishment of its real nature." This is certainly true of the present situation.

It is mainly the representatives of the better-off middle classes who are bidding *adieu* to their former pacifist, liberal or "leftist" views. These layers are strongly represented in the milieu of the Greens, the Social Democrats, the trade unions and the petty-bourgeois "left" à la the New Anti-Capitalist Party in France. They are responding to the sharp class polarization of society.

## The tasks of the PSG

Our task is to prepare the working class for the coming social upheavals and class struggles.

What we have seen in recent months in Tunisia and Egypt, and in other forms in Wisconsin in the US, in Spain, Greece and Israel, is just the beginning. We will see similar social explosions in other countries, including China and Germany.

Social tensions that have led to mass riots in Tunisia and Egypt had built up over a long period of time. And yet, the uprisings still came as a surprise. Who would have believed a year ago that Hosni Mubarak would be overthrown by a popular uprising after 30 years in power? Who would have expected that hundreds of thousands would take to the streets in Israel against Netanyahu?

In these uprisings, the working class has been the social driving force. But it was not politically prepared for this role. This allowed bourgeois and petty-bourgeois forces to dominate the movement. Now there is a risk that the forces of reaction are regaining the upper hand.

Our intervention in the Berlin election campaign was an important contribution to preparing the international working class for the coming

class struggles. We have adhered to a fundamental principle: say what is, and not what may bring the most votes. In the coming period, based on their own experiences, many workers and youth will come to the conclusion that our political analysis and our predictions were correct.



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