

European Conference against Austerity seeks to rescue capitalism

Julie Hyland
11 October 2011

The European Conference against Austerity in London last month was advanced as a means of “coordinating resistance” to the social impoverishment being implemented by governments across Europe, the International Monetary Fund and the European Union.

That was solely for public consumption. In reality, the conference underscored how the various “activist” networks and the petty bourgeois ex-left groups have become completely integrated into the political structures of bourgeois rule.

Most of the 400-plus audience comprised representatives of the “anti-neo-liberal left” in Europe. Predominant was the anti-globalisation AttacEurope organisation, the Stalinist European Left Party, the European Anticapitalist Left network—the Left Bloc (Portugal), France’s New Anticapitalist Party (NPA) and the Socialist Workers Party and Socialist Party (from Britain)—along with Die Linke (Germany), representatives of the “indignados” movement from Spain and Greece, various academics, Non-Governmental Organisations and trade unions.

The gathering was convened by the Coalition of Resistance (COR)—an umbrella organisation of the ex-radical groups and trade unions led by life-long Labour Party apologist Tony Benn. It was scheduled for months, but at the last moment was turned into an “emergency conference” to discuss the “biggest crisis in Europe since World War Two”.

This was in reference to discussions taking place within ruling circles as to the impending state bankruptcy of Greece, and fears of contagion across the euro zone that would see the continent plunge into depression. These events have made clear that the credit crunch of 2008 was only the first phase in a systemic crisis of the capitalist profit system that threatens humanity with mass unemployment, poverty and war.

In the face of this impending catastrophe, the universal response of the ruling elites has been to off-load the massive losses run up by the super-rich onto working people through multibillion-pound bank bailouts and public spending cuts. Greece has become a testing ground for the savage attacks on the jobs, wages and conditions facing working people across Europe.

A remarkable feature of the conference was the fact that the words “capitalism” and “socialism” barely featured in seven hours of debate, and were not even mentioned in the resolution finally adopted. Nothing was said about holding the financial oligarchy to account for its criminal, speculative activities and no one breathed a word as to the fact that, for the most part, the austerity measures underway had been initiated and/or carried through by social democratic governments—as epitomised by PASOK in Greece.

The aim of the conference was not the necessary struggle to

mobilise workers and youth to abolish the capitalist profit system and establish workers’ governments and the United Socialist States of Europe. Rather, it functioned as a semi-official think tank to advise Europe’s rulers on regulatory measures—to be effected by state institutions at both national and European levels—to “restabilise” the economy and “balance” budgets.

It was no accident that the first speaker at the conference was Billy Hayes of the Communication Workers Union (CWU). It is the trade unions that have played the lead role in sabotaging resistance to the austerity measures. In Greece, a series of one-day strikes have been aimed at dissipating workers’ anger, while protecting the PASOK social-democratic government. In Britain, the Trades Union Congress will not countenance even such token “resistance”.

According to Hayes, national indebtedness is the result of a “crisis of investment”, “which led to a collapse in tax revenues to the government” and a resulting “increase in state spending on unemployment”. The solution, he argued, is “to reverse the fall in investment and promote growth out of the recession”.

Just to ensure that no one mistook his diagnosis as an argument for a fight against the Conservative-Liberal Democrat coalition, Hayes stressed that the aim must be to pressure national governments and the EU to implement these measures. “We do not want to make ultimatums about which parties need to be supported,” he said, “But we do want to create a movement around policies whose pressure is felt by all parties.”

Hayes endorsed the proposal for a “European Growth and Jobs Pact”. Tabled by the social democrat grouping in the European parliament, this “pact” is not against austerity measures per se, but their timing and direction, which they argue must not be allowed to undermine the competitiveness of European capital against its rivals in China, the United States and elsewhere.

The “new economic governance scheme” to “save the euro zone” tabled by the grouping includes greater “fiscal coordination” within the EU. While allowing for “national conditions”, i.e., the exact balance between spending cuts and tax rises, this stipulates that each member state must “bring public deficits down to 3 percent or less” by 2015; and advocates the creation of a European Debt Agency that collectivises public debt, including the use of Eurobonds, and tax harmonisation.

Hayes praised the proposal of European Commission President José Manuel Barroso for a European tax on financial transactions, as well as President Barack Obama’s American Jobs Act—a minimal “job creation” plan to be funded by cuts in Medicare and Medicaid.

Hayes’ political agenda was promoted throughout the conference.

According to those assembled, the problem with the EU lies not in the fact that it is a trade bloc of Europe's major corporations and financial institutions against their international competitors, and a mechanism for enforcing job and pay cuts and the dismantling of social provisions across the continent. Rather, it is structurally "incoherent" and must be strengthened through greater fiscal union, redefining the role of the European Central Bank, and "restructuring" the banking system—essentially the programme advanced by German Chancellor Angela Merkel.

Those differences that emerged as to the efficacies of this agenda had nothing to do with the obvious contradiction between the calls for strengthening the EU and the economic powers of national governments, and talk of safeguarding workers' jobs and democratic rights. They expressed the conflicting interests of the various national bourgeoisies on whose behalf those participating in the conference speak. Thus, the spokesperson for Portugal's Left Bloc called for the euro to be devalued so as to allow southern Europe to compete, Greek representatives supported leaving the euro, while French and German spokesmen were concerned with the dangers of "contagion" from the "peripheral" countries to the "core". As for the British, they naturally faced both ways—Hayes arguing for a strengthened EU, while Alex Callinicos, for the SWP, called for a break-up of the euro and the euro zone.

They were all united, however, on pushing "debt audit commissions" as a means for redressing the crisis.

These commissions have nothing to do with breaking the domination of finance capital, much less the fight to "open the books" and expose the secrets of the capitalist institutions and corporations as part of a socialist programme for workers' control of industry. As one speaker declared, any talk of "nationalisation without compensation" is ridiculous as that "normally comes after the seizure of power", and no one there had any intention of fighting for that.

The aim of such commissions was set out in a joint article in the May 4 edition of the *Guardian* newspaper, by Costas Lapavitsas, professor of economics at the School of Oriental and African Studies in London and Andy Storey, from the Politics and International relations department at University College Dublin.

Their article praised Ecuador's President Rafael Correa for launching an audit of the country's debt in 2007 by national and international "experts", along with representatives from the Ministry of Economy and Finance and other government departments. The audit concluded in 2008 "that a portion of the country's debt was indeed illegitimate and had done 'incalculable damage' to Ecuador's people and environment", they reported. "The price of illegitimate debt subsequently collapsed in the open markets, and Ecuador got rid of it easily."

Ecuador subsequently registered "3.7% economic growth in 2010, and the forecast is for growth in excess of 5% in 2011. The salience of the Ecuadorian example for current debates in Europe is obvious," they wrote.

This spurred on a campaign for audit commissions in Greece and Ireland earlier this year. Such "preliminary investigations" would form the basis for "properly constituted audit commissions" to make "credible recommendations on debt that is illegitimate or simply unsustainable", Lapavitsas and Storey explained. "The sovereign state could then take appropriate action, including repudiation of debt and cessation of payments."

The proposed measure will do nothing to ameliorate the economic crisis, and the drive towards trade and military war. Its objective is to

insist that workers and youth must put their confidence in the nation state and its ruling elite who, through pressure, can be made to act in the "national interest", while accepting that working people take responsibility for "legitimate" debt.

The debt audit commission for Greece was launched at a conference in Athens in May. A representative gave as an example of its success so far that previously the IMF had insisted Greece must take onto its debt sheet the loan made by an Austrian bank to a Greek municipality. Through the work of the commission, this had subsequently been dropped, he claimed.

In Ireland, the organisations Afri and the Debt and Development Coalition, with the financial support of the Unite trade union, have produced a preliminary audit of the country's finances, which is being distributed to politicians and trade unions.

Organisations such as Attac, the various NGOs and think tanks are all funded by bourgeois institutions. Attac was set up under the auspices of *Le Monde Diplomatique*, and functions as the semi-official adviser to the French Socialist Party and various social democrats across Europe, as well as Latin American regimes. Through its promotion of the Tobin Tax on financial transactions, it has sought to persuade sections of the bourgeoisie to adopt forms of national economic regulation in order to prevent the development of a political movement against capitalism.

The reactionary content of this policy was made clear in a recent interview with Bernard Cassen, founder and honorary president of Attac, who held up China as providing examples of the "technical solutions" available for regulating finance capital. "In China, for example, you can't invest without a permit. You simply can't convert currency however you'd like," he said.

Cassen boasted that the euro's collapse would be a "victory" for Attac, because it would mean the renunciation of "free trade and free circulation of capital".

The specific role played by the petty bourgeois pseudo-left groups is to dress up these reactionary policies as "left-wing", while insisting that they are the only way forward because socialism is impossible.

The outlook of all these forces was summed up by the long-time Labour Party careerist Lee Jasper, speaking on behalf of something called the Black Activists Rising Against the Cuts, who told the audience that it is "naïve Marxism that a crisis automatically benefits the left. History teaches us it is the right".

For decades the ex-left outfits have insisted that socialism was off the agenda because capitalism was not in crisis. Now that it is in crisis, they argue the time still is not ripe, because the "automatic" beneficiaries of its breakdown will be the fascists.

In truth, the real danger is that the continued subordination of the working class to the social democrats and trade unions, and through them to the bourgeoisie, paralyses a revolutionary offensive against capitalism, and enables the right wing to push its own solution to the crisis.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact