

# The Spanish bailout and the specter of the 1930s

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11 June 2012

The announcement that Spain will receive a €100 billion bailout from the European Financial Stability Facility marks a further intensification of the crisis of capitalism. The very fact that four years after the collapse of Lehman Brothers and two years after the first bailout of Greece it has become necessary to bail out one of the central economies of Europe belies all claims of the viability of capitalism.

The conditions under which the bailout was arranged make clear its ad-hoc and desperate character. The announcement came after the exertion of intense pressure by major powers—particularly the United States, Britain and France—on Germany, which had resisted the further printing of money to bolster the crumbling banking system in Europe. The rush to conclude the deal in advance of next Sunday’s Greek elections reflected the fears within the international bourgeoisie of a massive vote against austerity followed by a chain reaction run on the banks in Spain, Italy and other European countries and a financial meltdown greater than that of September 2008.

No one should take for good coin the claims that the bailout comes with no strings attached. Unlike the cash infusions for Greece, Ireland and Portugal, the bankers who dominate the European Union are withholding from the public the new attacks on the working class they are demanding to pay for the loans.

Spain has already committed to €27 billion in austerity measures in 2012 and a similar amount next year. These cuts have contributed to the creation of depression-like conditions in Spain, where the official unemployment rate is 25 percent, and youth unemployment is more than 50 percent.

The prospect of a Greek exit from the euro zone combined with the worsening banking crisis in Europe and signs of a global slowdown have evoked a growing

number of commentaries in the mainstream media warning of a return to the conditions of the 1930s. Economists and columnists are noting with increasing alarm the lack of any agreement among the major powers and a general atmosphere of perplexity and paralysis.

The fact that such forebodings are being voiced publicly testifies to the advanced stage of the world crisis. In an article published last week entitled “Panic has become all too rational,” *Financial Times* economic commentator Martin Wolf wrote that the West was already in a “contained depression.”

“Before now,” he said, “I had never really understood how the 1930s could happen. Now I do. All one needs are fragile economies, a rigid monetary regime, intense debate over what must be done, widespread belief that suffering is good, myopic politicians, and inability to cooperate and failure to stay ahead of events.”

In a subsequent piece, written in response to a leading official in the German Finance Ministry who rejected “short-term measures” and the creation of euro bonds, Wolf warned: “It is often forgotten, not least in Germany, that the rise of Adolf Hitler to power was preceded not by the great inflation, which occurred a decade before, but by the great depression and the austerity of Heinrich Brüning, in response.”

Along similar lines, historian Niall Ferguson and economist Nouriel Roubini published a joint commentary in Saturday’s *Financial Times* under the headline “Berlin is ignoring the lessons of the 1930s.” They wrote: “Fixated on the non-threat of inflation, today’s Germans appear to attach more importance to 1923 (the year of hyperinflation) than to 1933 (the year democracy died). They would do well to remember how a European banking crisis two years before 1933

contributed directly to the breakdown of democracy not just in their own country but right across the European continent.”

Two years ago, Jean-Claude Trichet, then the president of the European Central Bank, warned that Europe was “facing the most difficult situation since the Second World War—perhaps even since the First World War.” Back then, the notion that Greece might leave the euro zone and the common currency might unravel was universally declared “unthinkable.” Now the crisis has spread from the so-called “periphery” to Europe’s core.

If leading bourgeois commentators are now publicly warning of global depression and invoking the specter of Adolf Hitler, what is being said in private?

The collapse of capitalism in the 1930s brought with it fascism and a second world war that cost the lives of 70 million people. These horrors occurred because revolutionary struggles by the working class that were generated by the crisis of capitalism were betrayed by Stalinism and Social Democracy.

In the founding program of the Fourth International, written in 1938, Leon Trotsky characterized the global situation as follows: “Mankind’s productive forces stagnate. Already new inventions and improvements fail to raise the level of material wealth. Conjunctural crises under the conditions of the social crisis of the whole capitalist system inflict ever heavier deprivations and sufferings upon the masses. Growing unemployment, in its turn, deepens the financial crisis of the state and undermines the unstable monetary systems. Democratic regimes, as well as fascist, stagger on from one bankruptcy to another. The bourgeoisie itself sees no way out.”

Hardly a word of this assessment needs to be changed to describe the present situation. And the central conclusion Trotsky drew, animating his struggle to found the Fourth International as the World Party of Socialist Revolution, retains all of its urgency today: “The historical crisis of mankind is reduced to the crisis of the revolutionary leadership.”

Working people the world over must take the invocations of the 1930s as a warning and draw the necessary conclusions. As then, a period of revolutionary class struggles is opening up. As then, the alternatives are socialism or barbarism.

The central task is the building of the new

revolutionary leadership of the working class to arm the coming mass struggles with a thoroughly worked out strategy and a program that articulates the interests of working people. Only a socialist and internationalist program will do, and only the International Committee of the Fourth International and the Socialist Equality Party fight for such a program. All those who see the need for a struggle for socialism in opposition to the failed capitalist system should make the decision to join and build the SEP.

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