

Proclamation for an Egalitarian Europe

Europe today is overshadowed by mass unemployment, precarious jobs, welfare cuts and the increasing rollback of democratic rights. These tendencies have been intensified since the beginning of the Great Recession. The austerity programmes have aggravated them even more and have increased the imbalances between the core areas and countries of the periphery. Meanwhile, the Eurozone and the EU threaten to break apart.¹

What on Earth has happened?

The root causes of this misery stretch in part back to the 1970s. When the US Administration abolished gold convertibility of the US dollar and abolished the Bretton Woods system, it set off a worldwide 'Great Inflation.' The executive bodies of the European Community wanted to evade this development. They introduced a currency union which they then extended in 1979 to a 'European Monetary Union' whereby the German Mark in practice functioned as the leading currency. Through the introduction of fixed exchange rates the European integration process, based on the Franco-German alliance, was to be stabilised and a monetary alternative to the global hegemonic power built up.

The lower social classes of the member countries had to pay a high price for these strategic accords. Since the new exchange rate mechanism did not go hand in hand with measures to standardise working conditions, harmonise social and economic policy and reconstruct political systems in the direction of a European federation, there arose some seriously undesirable developments. Balance of payments span out of equilibrium, but the member states of the European Community, however, had only a limited capability to offset their mutual deficits and surpluses by means of monetary policy. The upshot was that the countries in a weaker competitive position went over to more restrictive social and fiscal policies. The era of social Keynesianism was superseded by a radical market strategic of lowering wages, welfare cuts and privatisation of public goods.

With the reintegration of the German Democratic Republic into the West German Federal Republic Germany finally rose to become the dominant European economic nation. Its ruling elites have since then undermined every initiative on the part of the European partner countries to re-establish the balance. The convergence criteria of the Maastricht Agreement forced all member countries to follow a rigid budgetary and interest rate policy. The 1998 founded European Central Bank oriented itself totally to the German Central Bank (Bundesbank), committing itself likewise to a restrictive quantity of money and price policy. The single currency introduced shortly afterwards turned the European Union completely into a de facto gold standard regime, securing for the strongly competitive national economies of the core European zone enormous advantages to the detriment of the peripheral countries.

Within this framework it was above all Germany that radicalised the neo-mercantilist orientation that it had already practised since the 1950s. It went over to an export-driven low-wage policy. From this resulted exports being sold at dumping prices and there was nothing that the peripheral countries of the European Union above all could do about it. The neo-mercantilism of the core countries grouped around Germany led to the development of structural imbalances which were made permanent by the restrictive framework of the EU treaties.

This malfunction has been remorselessly revealed by the Great Recession. The countries of the periphery have fallen into a deep depression that continues to this day. In the core countries, on the other hand, there occurred a short-term stabilisation process that in the meantime has also turned into stagnation. The executive bodies of the EU, dominated as

¹ This proclamation is based on a pamphlet that has been issued in Hamburg (Edition Nautilus) and Thessaloniki (Ekd. Nisides): Karl Heinz Roth / Zissis Papadimitriou: Preventing Catastrophe – Manifesto for an Egalitarian Europe, August 2013, 128 pages.

they are by Germany, have reacted to this negative macroeconomic development with measures that have deepened the crisis. They have intensified their restrictive policies and, together with the IMF (the so-called 'Troika'), have been forcing austerity programmes upon the countries of the periphery which have led to a further rise in mass unemployment, to drastic impoverishment and to the demoralisation of wide sections of society. What is meant by the stabilisation measures which have begun in parallel to the savings programmes is the stabilisation of the exploitation of the subaltern classes in favour of public and private creditors. To justify the radical process of redistribution from below to above the symptoms of crisis, particularly the rise in government debt, have been reinterpreted as the causes of the crisis, with the help of a one-sided media propaganda campaign.

How could it happen?

The question of how it could have come to such a catastrophic development poses itself. We can see essentially two approaches to an explanation. The first one implies that the reason for the priority granted in practice to the export-oriented and low-wage neo-mercantilist policies is to be found in the simultaneous rise of Europe to an imperialist superpower. For this the strategic window of 1990/91 was of decisive importance. In 1990 there was the reintegration of the GDR into the Federal Republic of Germany. This event meant even more for the demise of the Soviet Union and the COMECON countries than the upheavals in the East-Central and South-East European countries that occurred at the same time. With their immediate leap into the power-vacuum the executive bodies of the EU at first played only a secondary role: the radical market 'shock therapies' that were immediately initiated were pushed forward above all under the influence of the USA and UK. Afterwards, though, the executive bodies of the EU had their turn: as a consequence of the incipient eastwards expansion of the EU the leading financial and industrial concerns of the core European zone brought the terrain under their control.

This development repeated itself in the course of the 1990s on the Balkans. In the Yugoslav Federation the extremely heightened imbalances caused by the global economic crisis of 1973 to 1982 had led to massive social and political conflicts that turned more and more into ethno-political secession movements and finally into a bloody civil war. Here Germany and Austria took the side of the secessionists and soon brought the EU executive bodies into line behind them. Instead of calming the dramatic developments through neutral aid programmes, they poured oil on the fire and participated in the NATO war of 1999 against the Yugoslav Federation; after a few months the war ended with the defeat of the Federation and its dissolution into a number of ethnically-cleansed small states. Now even Southern Europe could be drawn into the radius of the European Union. Europe advanced to a superpower with 'wandering borders' that became ever more closely controlled and sealed over the course of the 1990s, in order to keep refugees and unwanted economic migrants at a distance.

The second explanatory approach relates to the upheavals within the institutional-political level that had effected the transition of the EU member states to deflationary low-wage policies, to the dismantling of social welfare systems and to the placing of public goods at the disposal of the owners of capital. In the end this development was only possible because it was also promoted by a spectrum of parties that had earlier belonged to the Left. Significant tendencies of the institutional Left, such as Social-Democracy, the Eurocommunists and the Greens were involved in this. At first the southern European social-democratic parties completed the change of course from welfare Keynesianism to the doctrines of a radical market society. After that the Eurocommunists distanced themselves from the labour struggles and social movements of these years and supported the austerity policies that consolidated their respective national economies. A mere ten years later the Green parties that had emerged from these new social movements also completed this about-turn. At the beginning of the new Millennium the social-democratic parties of the core countries also finally followed the new general line of the European road to capitalist restructuring, especially German Social-Democracy and the British Labour Party committed to the course of Margaret Thatcher.

This radical Restoration of the market had disastrous political consequences. Since it was also supported by the institutional Left, it inflicted grave damage on the whole range of critically-minded elements in European society from which they are only just beginning to recover. Secondly, another consequence was that two-thirds of the societies of the EU member states lost their political representation within the indirect democracy; the representative parliamentary structures, together with their political classes, have largely forfeited the social basis of their legitimation. Thirdly, this allowed the conservative wing of the ruling elites to present themselves as the 'moderate' variant of the system of government, for after all, the economic Restoration was essentially supported by the whole range of former Left parties.

This enabled such 'moderate conservatives' to bind sections of the lower classes to them through populist orchestrations of feeling, insofar as these classes did not immediately run over to the extreme nationalist/fascist organisations and furnish these with what was in some cases a considerable mass base of support. Since then it has become difficult to distinguish even approximately between 'Left' and 'Right' in any plausible way within the political institutions.

What can we do?

The dramatic effects of the austerity programmes on political institutions mean that the question of workable alternatives has become urgent.

Taking a brief look at the debate on the alternatives which has taken place above all in the Eurozone periphery countries since the implementation of the austerity programme, we can see that three main concepts have been put forward for discussion:

Firstly, the withdrawal of that particular national economy (Greece, Italy, etc.) from the Eurozone and the EU, the reintroduction of a national currency, nationalisation of the banks and the initiation of a programme of national reconstruction.

Secondly, halting the austerity programme, pronouncement of a debt moratorium, nationalisation of the financial services sector and opening of negotiations over far-reaching debt reduction without leaving the Eurozone at the same time. This conception has been advocated above all by the Greek radical Left coalition Syriza.

Thirdly, the common withdrawal of the Mediterranean member states out of the Eurozone, the introduction of a new currency for this bloc and the construction of the Southern Zone as a politically based economic union.

In our opinion all three proposals contain grave disadvantages and considerable dangers. A unilateral withdrawal from the Eurozone would be a 'shock therapy from the Left', leading within a very short time to economic collapse from international isolation, to hunger catastrophe and falling back into the ranks of the developing countries. On the other hand the Syriza conception appears unrealistic to us: a single peripheral national economy is unable to assert itself against the dictates of the EU executive bodies backed by the core countries. A humiliating walk back into the fold would be unavoidable. In order to spare their party this outcome many Syriza supporters stayed away from the polls at the last parliamentary elections. However, even a Mediterranean bloc on our estimation would not have the necessary economic-political potential at its disposal to assert itself in the medium-term against isolation and competition at the international level.

Characteristically enough options like these for overcoming the crisis are also on the table in the core countries. There, however, they are advocated by the national conservative wing of the Establishment. The intentions aimed at thereby are contrary, but the monetary policy measures put forward are mirror images of one another.

What, in contrast to these options, would a believable perspective look like? In our opinion it would have to satisfy four decisive **requirements**. In the *first* place it should orient itself towards the mass resistance that has developed and consolidated itself in recent years in many EU countries to the charging of the crisis costs to the poorer social classes. *Secondly*, it should take into account the material interests of all layers of the subaltern classes – working and lower-middle classes. *Thirdly*, it should put forward 'decisive reforms' for all areas of social, economic and cultural life and bind these to deliberations on a federal democratised Europe. And *fourthly*, it should forge links worldwide with social movements in order to end the era of Eurocentric power politics. Only if these four criteria are met do we arrive at a believable alternative that lifts the blockade against social resistance and sets in motion a radical about-turn.

In what follows we sketch out the **features of a possible action programme** starting from the defensive positions of mass social resistance, that is a halt to the austerity programmes, a debt moratorium and presupposes first aid to alleviate the rampant spread of wholesale impoverishment.

(1) *Measures to overcome the inner-European imbalances and the Euro crisis*: transfer of all public and private debt above a yet to be defined ratio to a European sinking-fund in order to carry through an extensive cut in debt, the losses to be chargeable to the creditors. Issue of uniform Eurobonds by the European Central Bank. Conversion of the European stability mechanism into a European Clearing System into which countries pay a considerable portion of their balance of payments surpluses. Upon effecting these emergency measures the structural inner-European imbalances will disappear, as shown in the points below, without the need for additional intervention. The heated controversy currently taking place

around the European single currency also loses its significance through these measures, because the currency will be reduced to a mere means of account and payment.

(2) *Standardisation of conditions of work, working time and remuneration at the European level*: slowing down of the pace and rhythm of work. A radical reduction in the hours of work without loss of pay. Closing of the income gap to a ratio of 1:10 and later 1:5 while at the same time raising the minimum wage, and a transition to linear wage increases.

(3) *Reinstatement of social welfare and dignity*: Europe-wide implementation of universal health insurance, raising of benefit levels and pensions as first partial steps. From this starting point the development of a system of basic universal social security, to be integrated into local and regional authorities.

(4) *Redistribution of social wealth from above to below*: marked increase in capital taxes, Europe-wide reintroduction of wealth taxes, progressive taxation of inheritances and the transfer of inheritances worth millions to local cultural and social funds, marked increase of the top third of income taxes and permanent establishment of a transactions tax, to be raised on all capital markets.

(5) *Prohibition of capital flight and the socialisation of investment*: introduction of controls on capital movements in the first transition phase, socialisation of all key strategic sectors – major banks, media concerns, key areas for the economy as a whole such as information and communication technology, energy supply and transport and shipping – as well as all multinationals operating in the export sector. Subsequent decentralisation and regionalisation of the entire economy for transfer to autonomous social administration.

(6) *Reappropriation of public goods*: socialisation of all infrastructure providers and public utilities at the level of local government and local government associations, localisation of health service provision, hospitals and education. Socialisation of the Internet, digital media and all scientific and technical innovations.

(7) *Gender equality*: The successes of the Women's Movement in recent decades are under threat since the onset of the crisis from the increase in male aggression, sexual exploitation and domestic violence. Determined measures are called for. Our proposal is to focus first of all on the material and social upgrading of those occupations in which women have always predominated (unpaid and underpaid reproductive labour). On this basis the equality of women at all levels of social, economic, political and cultural life is to be enforced and made irreversible.

(8) *Intensification of environmental policy*: replacement of the failed free-market attempts at regulation (emissions trading, etc.) by the inclusion of all costs ensuing from the ecological consequences of the exploitation of natural resources into both business and macroeconomic cost accounting. Acceleration of the ecological conversion of production and reproduction processes, particularly in agriculture and animal husbandry. Reduction in transport volumes and energy use by deceleration and regionalisation.

(9) *Abolition of the Schengen border regime*: The Schengen Agreement on border controls needs to be abolished without delay and its paramilitary infrastructure ('Frontex') and database system dissolved. Likewise all the inner-European institutions that in this context are involved in deterring and discriminating against the movement of refugees and migrants are to be relinquished.

It goes without saying that the cornerstones of this action programme require a common element connecting them politically. Only a new political constitution could provide the programme with the coherence it demands. In our opinion the only approach in question would be a post nation-state one. It cannot be developed from the structures of the European Union, because these represent a hierarchically organised group of nation-states lacking sufficient social legitimation. Our model on the other hand is oriented according to the principles of direct democracy, overcoming the democratic deficit of the parliamentary party system and committed to the norms of universal social and other human rights including the right to a livelihood. Furthermore, this model will have to take into account the enormous, historically evolved cultural diversity of the old continent. Our proposal, then, is for a Federal Republic of Europe into which the existing member states dissolve themselves. It is to be constituted on the basis of grass-roots democracy and to be constructed from the bottom up. Four interlinked functional levels need to be distinguished: local authority and local authority association, cantons, regions – the Balkans, East-Central Europe, Mediterranean, etc. – and the Federation itself. Public revenues would be distributed at these four levels according to their weighting, whereby the priority allocation of resources would be guaranteed to the lower functional levels that are particularly important for democratic autonomy, while at the same time the Federation would have permanently to renounce the trappings of classic-imperialist and national power – army, military-industrial complex, aggressive foreign policy, etc. Moreover, a general law of disarmament and peace is to be anchored in the federal constitution.

This action programme only stands a chance if it engages with the concrete learning processes of social resistance as well as with the emerging sectors of the alternative economy, and continually develops and corrects itself with the help of the

experiences gained there. This also requires social initiatives that do not orient themselves towards political parties and which waive every claim to be avant-garde. Instead, and more importantly, they are to be a network of autonomous initiatives with independent responsibility that relate to the action programme and found an Association for Egalitarian Europe. We call upon the activists of social resistance, the protagonists of the alternative economy, the left-alternative tendencies of trade-unions and parties and Europe’s critically engaged intellectuals to support this initiative in word and deed.

The European legacy of antifascist resistance

These proposals are neither unique nor without history. They relate rather to the programmatic declarations of several left-socialist resistance groups that broke with the destructive national-state system of standards and values in the early 1940s, and declared for a Federal Republic of Europe. It goes without saying that we cannot draw on their vision without a break – for that the world and Europe have changed far too much in the past seventy years. However, we may safely proceed from the starting point that Europe today, with its impoverishment and authoritarian structures, crassly represents the opposite of everything that these resistance groups in their day stood for and for which they took up the struggle against fascism and a Europe under German rule. It is upon this legacy that we draw in the attempt to fill it with new life.

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