

## **It's not about the Euro, but about the Europeans**

*Bernd Riexinger writes about left alternatives to Merkel's course and the crisis-Troika.*

*"Do not believe that the demand for a monetary system with politically regulated revaluation and devaluation provides a left perspective"*

The proposal by Oskar Lafontaine to establish a European monetary system has certainly raised some irritation in some parts of DIE LINKE. At the same time, it has initiated a substantive discussion about our positions on European policies.

This discussion is urgently needed and may help to clarify our position. It may also stimulate our debate for our draft election program. I am glad to make a contribution with this article.

Left economists have pointed out already in the 1990s what problems it would cause to have a single currency without a common fiscal, economic and social policy. Under these conditions it was clear that the Euro would make the strong ones even stronger and the weak ones even weaker.

Without the possibility to - in case of competitive losses and at least temporarily - protect its economy by devaluing its currency, it remains only the bare competition for the cheapest labour costs or, like Altvater (*Professor of Political Science at the Otto-Suhr-Institute of the Free University of Berlin, translator's note*) would put it, "the negative integration of Europe through bare market liberalization and deregulation policies".

The stability criteria of Maastricht expressed that big money owners did prevail with their interest in monetary stability compared to the social interests of European people. No single social criterion (minimum wages, social standards, etc.) was included in the catalog of the conditions for the single currency.

The already existing imbalances were and are exacerbated by the German "export model". Based on optimal global orientation in key areas like industry, high productivity standards and lowering of wage levels, enforced by the Agenda 2010, the German economy achieved and still achieves massive export surpluses which increase the current account deficits of the Mediterranean countries and their debt. The majority of the population lives in Germany well below the potential of its country and does not enjoy the results of their own performance at work.

### **Merkel as an object of general hate for people affected by the crisis.**

The bailout of banks and investment companies which speculated on the international financial markets cost the EU States over one trillion euros and drove significantly the national debt up. Austerity policies prescribed under the leadership of the Merkel government led to a further dismantling of the social state.

Historically there is no single example that austerity measures do help in times of crisis. The results of these policies will inevitably sharpen the crisis and increase mass unemployment with all social consequences. This is a major reason why Merkel is becoming more and more an object of general hate in the crisis regions of Europe.

The formation of the finance-driven capitalism thrived on the results of the massive redistribution in favour of money and capital owners in the last 20 years. This formation could not develop a new growth and accumulation model.

On the contrary, it has not only caused the biggest financial crisis since 1929, but it also provoked massive destruction in motion processes. The gap between rich and poor people has become more and more important, social systems were sacrificed and partially or completely destroyed, mass unemployment increased, the number of precarious workers raised dangerously, entire economies are driven into ruin.

The majority of the political elite sees no way out of the subordination to the dictates of the financial markets, and is even willing to question elements of democracy.

It is quite clear that a further economic divergence between countries in the Eurozone will erode the basis of the Euro. In the name of the Euro rescue, the basis of the monetary system is being destroyed.

However, it is still less conceivable that the legitimacy of elected governments can be maintained any longer when those countries experience mass unemployment of over 20 percent in Greece, Spain and Portugal, of about 12 percent in the EU and a youth unemployment in some countries of 50 percent or even more.

### **The price for the German Euro exchange rate is too high.**

What perspectives these governments can provide to their population, with negative economic growth, eroding social systems, growing poverty and the sale of public property?

The price of a policy that has for making Europe the most competitive economy worldwide is much too high for millions of people, and it cannot be assumed that they will continue to pay for it. Chancellor Merkel openly says what she wants: "How can we make sure that we achieve in the coming years coherence in terms of competitiveness in the common currency union? And I don't mean coherence somewhere in the middle of competitiveness of the European countries, but a level of competitiveness that is measured by whether it allows us to access global markets."

The reaction of European people to the policy of ruthless subordination to the bare capital investment interests of the world-market-oriented capital may take reactionary or progressive directions. There is a real danger that populist right-wing or even fascist forces grow and direct the protest against this policy into dangerous waters.

That this situation does not happen very much depends on whether left parties and organizations manage to develop a convincing alternative and to anchor this alternative in the society.

This alternative must be built in order to give the already existing resentment and resistance to Troika policies a political orientation and perspective. For many reasons, I do not believe that the demand for a new monetary system with politically regulated revaluation and devaluation provides a perspective.

However, it would be, in the event of a breakup of the Eurozone or an exit of individual countries, the better alternative compared to a completely uncontrolled process. I will only briefly mention a few reasons against this scenario:

For good reasons SYRIZA is against a Greek exit from the Euro, because currency devaluation would certainly make exports cheaper, but also imports more expensive. Imported petroleum and other vital products would be immediately much more expensive. The question is what Greece would export cheaper. A German currency would likely be upgraded immediately by 30 percent or more.

Small currencies could hardly resist the speculation on international financial markets. Altvater writes: "The concept that small currencies could compete in the geopolitics of currency competition and solve their economic problems is naive." I would not go that far, but to reduce the solution of the economic imbalances to the currency's question is not sufficient.

Economic integration has long been Europe wide, even international. We may ask the question whether we still deal with homogeneous national economies, which may be taken together as part of a European Monetary Union.

### **A social Europe only can arise from bottom up.**

It is crucial for the implementation of leftwing positions that they can be taken up by progressive social forces. An alternative to Merkel's and the Troika's policies has to be developed in Europe only from bottom up. Leftwing positions must therefore stick to the conflicts, struggles and social movements in Europe and, finally, be taken up by them.

Many people in Europe do not demonstrate for or against the Euro, but against the Troika's attacks, against wages and pension's cuts, mass unemployment, the waste of public property, the superiority of banks, unfair distribution of wealth, the destruction of collective bargaining and democratic rights, or for higher wages and greater social security.

As German trade unions' participation to the protests in Europe still remains difficult, we had already transnational coordinated general strikes and protest actions, for instance in November in Portugal, Spain, Greece and Italy.

To be optimistic we may say that in these and others conflicts a new balance of power is to be constituted, in which the left may play a role and where it may build a political orientation for progressive change of social relations of production in Europe.

Former President of the Italian metalworkers' union FIOM-CGIL, Giorgio Cremaschi, summarizes: "One should not start with currencies, but with economic and financial policies and institutions on which it is based. What needs to be dismantled is these Europe of neoliberal Treaties and obligations. (...) The devaluation of work for the purpose of export promotion, which is based on the single currency, must stop. Likewise, austerity must be reversed, and a democratic consultation of the population is needed. European Treaties and obligations shall be subjected to referendums. The issue of currency should only come up if the neoliberal policy is reversed."

### **Answers from DIE LINKE**

The answers of DIE LINKE are going in the same direction:

In Germany, wages must rise strongly and be strengthened by an ambitious program for the domestic market. High export surpluses have to be reduced.

Instead of austerity policies, we need a European investment program to develop public infrastructure, public services and in favour of social-ecological conversion.

Regulation of financial markets, closure of tax havens, prohibition of risky speculation, reduction and socialization of banks and conversion of the banking system.

Introducing a European wealth levy for millionaires, billionaires, rich owners of capital, rather than letting employees, pensioners and unemployed people pay the debts.

DIE LINKE stood up for these demands and for a respective campaign of all European left parties, so that the conflict in Europe about debt's payments cannot be turned into a conflict between European peoples with nationalistic and populist arguments. It should be understood as a conflict between the "ups" and the "downs" of our common society.

Public lendings must be freed from the dictatorship of the financial markets and be directly financed through a to be established public European bank.

The economic imbalances that are exacerbated by wage and social dumping need to be overcome. This includes economic and industrial policies that end deindustrializing processes and the economic devastation of entire regions and countries of Europe but initiate a reversal of this trend.

We oppose the dismantling of democratically elected national parliaments and call for the extension of the rights of the European Parliament and strengthened democratic elements.

As we write in our draft program for the upcoming national elections: "To this end, the economic, fiscal, tax, social and labour market policies of the Eurozone member states must be adjusted more closely in the future, and the nowadays prevalent competition by the means of tax, social and wage dumping must be prevented."

### **There is no cutoff along our way.**

DIE LINKE has developed substantive positions to participate in the actual struggles against neoliberal hegemony and to provide contributions for the formation of a social, democratic, solidary, peaceful and ecological Europe.

There is no cutoff to avoid the required social and political conflicts, the widening of social struggles, to the development of European and international solidarity.

The question to decide whether the national or rather the European scene is appropriate for this seems to be not the appropriate approach. Of course, we have to fight with determination at national level for social demands and democratic rights, but there must not be any doubt that the capital and corporations have long been interdependent and cross-linked, and that they use this economic power to implement their interests.

This is the material basis of neoliberal hegemony in Europe. Employees of international companies - more and more frequently - do have the experience of how their branches are played against each other, and how powerless they are when they aren't able to build cross-border solidarity.

That is why there is no other way out than cooperation, coordination and agreement between trade unions, left parties and social movements. Our program and our policy must contribute to facilitate this process.

I would like to end this article with the political scientist Elmar Altvater, "The taming of unleashed capitalism (and its overcoming), the regulation of financial markets, socially safe jobs and the conversion to renewable energies are Millennium goals. In either case these can be better achieved in a united Europe than in a separate and probably torn Europe through the poison of financial crisis and the zero-sum game of devaluation's mania."