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## **Workers struggles and capitalist crisis management in Europe**

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### Abstract

*The present crisis of the European Union is the combined product of a global crisis of capital accumulation, uneven development and the internal contradictions of the Economic and Monetary Union and the Stability and Growth Pact of the EU. The debt crisis is now turning into a political crisis in several countries, leading to the emergence of democratic mass movements. However, the left and the trade unions are disoriented and divided with regard to an adequate strategy to deal with the crisis.*

The aim of my contribution is to give an overview on workers struggles and capitalist crisis management in Europe. This is obviously a very broad topic and difficult to handle in a presentation of 15 minutes.

From a European perspective we live in the era of a great crisis. We are still struggling with the consequences of the global financial and economic crisis that originated in the ‘subprime’ mortgage market in the United States of America in 2007. In Europe like in the United States the recession from fall 2008 to spring 2009 was the deepest since the Great Depression of the 1930s. For the first time since World War II the *global* social product was shrinking. In Germany, due to its strong dependence on exports, GDP went down by more than 5%. The world economy recovered from summer 2009 onwards, lead by strong demand in ‘emerging markets’ like China, Brazil and India. However, the recovery did not encompass all countries in the same way. In the USA, still the centre of the world economy, growth remained sluggish and we still have high unemployment. German industry appeared to be a winner of the crisis. Exports of luxury cars, machinery and equipment soared once again. But the downside of Germany’s export success is that most European countries are struggling with current account deficits. A number of countries did not exit from recession. Uneven development in Europe has lead to an ongoing crisis of European integration since 2010. The current crisis of European integration reveals weaknesses in the construction of the European Economic and Monetary Union and the European Stability and Growth Pact. The countries of the Euro zone have a common currency but no common fiscal policy. There is no

collective bargaining at European level. Wages are determined at the national level. This means that uneven development cannot be attenuated by currency devaluation in countries with current account deficits. In weaker countries, uneven development must lead *either* to a sustained loss of competitiveness and increasing current account deficits *or* to increasing pressure on wages and working conditions in order to defend competitiveness.

But the problem is more fundamental. Capital accumulation is always leading to uneven development in time and space. Accumulation is not only characterized by booms and busts but also by spatial concentration in specific regions. With the formation of a single European market, the growing concentration and centralization of capital is going hand in hand with the tendency towards an increasing spatial concentration of industries. From a critical point of view it's no surprise that countries like Greece or Portugal have hardly any industry which is competitive at a European or global level. For instance, Germany and Greece are not competing in the car industry because there is simply no Greek car industry. This problem cannot be solved by a lowering of wages in Greece. Of course, there is some relocation of industries from countries with high unit wage costs to countries with low unit wage costs, but even this movement is limited. European and American multinationals took over Eastern European industry after the fall of the Berlin wall and to some extent they also invested into new sites of production. Like in China, they wanted to expand into Eastern European markets and they wanted to profit from low wages in Eastern Europe. However, only some of the poorer countries and within these countries only some regions had the ambivalent privilege to become relevant sites of capitalist production. At the national level, there are some mechanisms like industrial policy, social policy and regional redistribution which are to some extent compensating the effects of spatially and socially uneven capitalist development. But there are still few at the European level. It is one of the central current discussions within the European bourgeoisies to what extent transfers between rich and poor countries at the European level are necessary in order to maintain the structures of capitalist production. The construction of the European Union simply ignored these problems. The neo-liberal European Stability and Growth Pact doesn't include provisions how to deal with uneven development and with growing imbalances of payments. It focussed only on public household deficits and state indebtedness. From the beginning, it was clear that the conditions for access to the Euro zone – a public deficit of no more than 3% and an overall state indebtedness of no more than 60% of GDP – were set arbitrarily and unrealistically. The structural problems of European integration were exacerbated by the recent global financial and economic crisis. Many governments tried to save banks and to limit the extent of the recession through some

kind of Keynesian deficit spending. State indebtedness exploded. A number of states at the European periphery reached the limit of their borrowing capacity and lost their access to financial markets. Governments returned to austerity policy and tried to shift the burden of the crisis once more on workers.

The economic crisis is now turning into a political crisis at least in some countries. The links between power blocs and subaltern classes mediated by political parties are eroding. During this year we experienced the fall of dictators in North Africa, general strikes in various countries, riots in Great Britain, and the emergence of new social mass movements in Spain, Greece and Israel demanding “real” democracy and social justice. But the limits of these popular movements are also obvious. Traditional socialist forces and forms of organization like trade unions and political parties are widely discredited. Popular assemblies in public spaces rejected all kinds of political parties. Trade unions were often not able to organize an effective resistance against austerity politics. One of the reasons is that they are often linked to government parties, so their opposition is half-hearted. The rejection of traditional forms of organization like parties and trade unions would not be a problem if new democratic forms of organization would develop within the mass movements. However, the interest of the masses to organize remains limited even in a country like Greece where class struggles have reached their highest point. The demands of the masses are mainly economic-corporative and democratic in character. Socialist or communist forces are very weak. This is even truer for a country like Germany where the increase of unemployment and the decline of real wages remained relatively limited during the crisis. German trade unions seem to be integrated in a kind of crisis corporatism and not inclined to organize a mass movement against government. Protests against austerity politics remained very limited in Germany.

The European left seems to be disoriented in many regards. One part of the left is demanding a sustained Keynesian crisis management at the European level and a deepening and democratization of the European Union. A relevant part of the bourgeois forces is now also favouring a deepening of the European Union, but within a neo-liberal framework: An European economic government would mean that future national budgets would have to be approved by European bodies and that the pressure for austerity would be increased. This is obviously no solution for the problems of uneven development and growing imbalances of payments. That’s why another part of the left is demanding the rejection of the European treaties and the exit from the Euro zone for countries like Greece. This part of the left finds itself in the bad company of another fraction of bourgeois, euro-sceptical, conservative and even neo-fascist forces. However, this part of the left has no answer what should happen with

a country like Greece when international credits are blocked and the government as well as the Greek banks are bankrupt. The crisis would certainly aggravate and a country with Greece's position in the international division of labour could not follow an autarchy politics without further pauperizing. So, there isn't even a consensus within the European left regarding demands like debt cancellation. For the moment, the only consequence can be to deepen the discussion within the European left and the trade unions about these issues in order to become able to present an alternative agenda pointing towards the emancipation of workers and the unification of humanity.