

# 'Progressive' Europe's Reactionary Stew

Paul Kellogg

The bailout of the debt-burdened Greek government has been completed – we think. Given the response to the first two attempts, no one can be sure that this story is finished. The first attempt came May 2, when the European Union (EU) – most centrally the French and German treasuries – along with the International Monetary Fund (IMF), announced they would provide €10-billion (\$150-billion) in emergency loans. It was hoped this would stabilize money markets, and stop the run on debt-related investment instruments coming out of Greece and other vulnerable European economies – including Spain, Portugal, Italy and Ireland. But so poor was the response to this bailout, that in less than a week, a bigger – a much bigger bailout – was hastily announced.

Finally approved over the weekend of May 8 and 9 – and in an atmosphere of tense secrecy – the European Central Bank (ECB) working with in particular the IMF (but also with the U.S. and the other G7 economies and the G20) announced a one trillion dollar rescue operation “one of the most ambitious and aggressive market interventions of the last thirty years.”<sup>1</sup>

The choice of the weekend of May 8 and 9, in retrospect, was not an accident. May 9 is “Europe Day” – the anniversary of the “Schuman Declaration.” Exactly 60 years prior to the announcement of the trillion dollar rescue package, French statesman Robert Schuman put forward a plan to re-organize coal and steel production in Europe. The plan was simple: “The government of France proposes that French and German production of coal and steel should be placed under the control of a common authority.” Its effect was seemingly revolutionary. Its “solidarity in production” framework had the political goal of making “any war between France and Germany ... not merely unthinkable, but materially impossible.” It also set in motion the chain of events that led to the creation of the European Union and the now 16-member zone of countries which use the Euro as a common currency. “[T]he people of Europe today celebrate the declaration of 1950 with parties, picnics, and fireworks.”<sup>2</sup> No firework display has ever been more impressive than what was widely nicknamed the ‘shock and awe’ trillion dollar intervention by the ECB into the world money markets to stabilize the Eurozone. The symbolism was straightforward. ‘This is Europe. If speculators mess with us, there will be consequences.’ We can’t assess yet whether this ‘shock and awe’ will calm the markets. But we can make some assessments about what the current crisis in Europe reveals about the contours of politics and resistance in the EU portion of the Eurasian landmass.

## ASSESSING THE CRISIS IN EUROPE

First, we know that whether at 150 billion or one trillion dollars, the real price for these loans will be paid by workers and the poor

in Greece. Along with steep tax increases and cuts in spending, the loans are conditional on a public sector wage freeze being extended through to 2014.<sup>3</sup> This is in reality a wage cut, as there will be drastic changes to the so-called ‘bonuses’ – holiday pay that has become an essential part of the income package of low-paid public sector workers.

We also know this will spark resistance. The anger at these cuts is everywhere in Greek society. Giorgos Papadopoulos is a 28-year-old policeman who normally confronts demonstrators. But in March he put aside his riot shield and joined the mass protests which have become a regular part of life in Greece. “It’s a different feeling for me,” he told journalists while he was on the demonstration. “But this is important. It hurts me and my family.”<sup>4</sup> However, the crisis in Greece has revealed not just a shift to the left in Europe. There is also an open stirring of forces on the right.

The April 29 front page of the mass circulation German daily *Bild* screamed out “The Greeks want even more billions from us!”<sup>5</sup> The echoes of a half-forgotten German nationalism gave shivers to those with an historic memory. One who has such a memory – Greece’s deputy prime minister Theodoros Pangalos – reminded Greek voters of the horrors of World War II. “They [the Germans] took away the gold that was in the Bank of Greece,” he said. “They took away Greek money, and they never gave it back.”<sup>6</sup> It was a thinly-disguised attempt to divert attention from a crisis over which his party (the Panhellenic Socialist Movement or PASOK) has helped create. These kinds of reactionary nationalisms were supposed to have been superseded by the progressive cosmopolitanism of the European Union.

That many have clung to a hope that the EU contains within it the seeds of a progressive capitalism, is not in itself news. Antonio Negri, co-author of *Empire*, supported a call for a ‘yes’ vote on the European Constitution in 2004-2005. His rationale was explained very well by Salvatore Cannavò, then deputy editor of *Liberazione*, the daily paper of Italy’s *Rifondazione Comunista*.

“Empire, for Negri, is the new globalized, capitalistic society. He thinks of Europe as being a ‘brake on the ideology of economic unilateralism which is capitalist, conservative and reactionary. So Europe can become a counterweight against U.S. unilateralism’.”<sup>7</sup>

Another with faith in the EU was Christopher Hitchens, who describes himself as “one of the few on the Left to advocate enlargement of the European Union and to identify it with the progressive element in politics.”<sup>8</sup> But really, Hitchens needn’t describe himself as being so alone. In their hope that the EU represents a ‘nicer’ capitalism than that in the United States, the very radical Negri and the ex-left gadfly Hitchens are actually trailing

behind the very mainstream ‘social liberal’ politics of very traditional European Social Democratic parties, still by far the principal force in the workers’ movement and the left in Europe. Hitchens’ and Negri’s pro-EU stances place them within the hegemonic project of European capitalism, mediated – as is so often the case – by European social democracy.

This hope for a progressive EU has been sorely tested by the most recent slump in the capitalist economy – the so-called ‘Great Recession’ of 2008-09 – the trigger for the debt problems in Greece and elsewhere. November 2009, 57 per cent of the 53 per cent who participated in a referendum in Switzerland, voted to ban the building of minarets in that country. This reactionary trend is not restricted to Switzerland. In April we learned that the home affairs committee of the Brussels federal parliament in Belgium voted unanimously to ban Muslim women from veiling their face in public. “Support for the ban ... transcended party lines, ranging from the Greens to the far right.” Similar restrictions are being contemplated elsewhere in Europe, including in France and the Netherlands. That this reflected a rise in Islamophobia and anti-Arab racism is revealed by the fact that “only four modest sized or small minarets exist in Switzerland,”<sup>9</sup> and that in Belgium “very few women wear the full veil, and there has been little public debate about the need to ban it.”<sup>10</sup>

It needs little analysis to see what is at work here. The deep crisis of 2008-09 triggered huge government spending programs across the continent. That spending worked to stem the crisis, but left governments saddled with unsustainable debts. Every government is now preparing to address this debt crisis by slashing gov-

ernment spending. The anti-Arab racism is a deeply reactionary, very old-fashioned and very predictable way for ruling elites to try and ‘change the channel’ and make working people and the poor look at scapegoats, rather than at the deep attacks on social services and public sector workers that are around the corner throughout the continent. The anti-Greek nationalism in Germany – which threatens to derail a bailout sorely needed by German as well as Greek capital – reflects this politics of scape-goating getting out of the hands of German capital, and opening the door to populist far-right forces, an increasingly sombre menace on the fringes of the European political landscape.

### ‘PROGRESSIVE’ EUROPE?

This shift right is not a big step for politics in the EU. The EU could present itself as a force for progress, given the barbaric history of European civilization. A collection of nations – whose continent had, in a century and a half, witnessed the bloodiest wars ever seen in human history – had found a way to unite and partially reduce their divisions. Holders of an EU passport could travel easily from one country to the next – and more importantly work in any country of the Union. The emergence of a common currency for some of the EU states seemed to indicate an even greater reduction in tensions in a continent comprised of historic rivals.

But this progressive surface appearance masked another aspect of the barbarism that has been European civilization. Its roots are not just in the 150 years of intra-European rivalry which resulted in the Napoleonic Wars, World Wars I and II. Those roots are



even more in the 500 years of colonial conquest of the Global South, which resulted in the depopulation of whole sections of Latin America and the Caribbean, the horrors of the Atlantic Slave Trade, and the long humiliation and plunder of three of the four most populated regions in the world – China, the Indian sub-continent, and the Indonesian archipelago. If the creation of the EU muted intra-European rivalries, it did not lessen European pressure on the Global South. If anything, it led to an intensification of European imperialism abroad. European corporations, from Latin America to Africa to Asia, have been as much a part of the story of imperialism in the late 20<sup>th</sup> and early 21<sup>st</sup> century as has been the much more recognizable hand of the United States. In fact, an argument could be made that the very reluctant decision to embark on the process of European integration was spurred not so much by a desire to create a progressive Europe, but rather by the recognition that another round of wars between the European states would make all of Europe incapable of participating with the United States in the ongoing plunder of the great riches in the Global South. It was either all-in or not at all – and the EU was the result.

In other words, there has always been a reactionary side to the EU project. Internal migration for holders of EU passports was wonderful for the workers of Europe. But for those outside the EU, what it meant was ‘Fortress Europe’ – a wall of anti-immigrant rules and regulations from Italy to Spain to Germany. And while it was one thing to push forward with a unity project so long as each country in the project was in its majority white and Christian – when the project faced up to its next task, expanding to include the largely Islamic country of Turkey – a sudden reluctance showed its hand, a reluctance which could only with difficulty conceal its xenophobia and racism.

There is another aspect to the imperialist roots of the project of European Union – the unequal relations between states inside the Union. Doug Saunders, writing in *The Globe and Mail*, is going too far when he calls Greece, Portugal and Spain “economic colonies” of Germany. But he is highlighting something important about the unequal structure which is the EU. There is an inner core of dominant countries – on the continent, Germany and France in particular – and an outer layer of countries which has a very unequal relationship with that core.

“Germany is the world’s second-largest exporter, ahead of the United States and exceeded only by China, and its largest markets are its European neighbours. These countries are net importers ... These importing countries have more money flowing out of their borders than they have coming in – for Greece, an amount equivalent to a tenth of the entire economy – and Germany has a surplus, with piles of it stacking up. Money cannot sit still, and nature abhors a vacuum, so German banks disposed of those heaps of surplus export-payment cash by lending it to companies, especially property developers, in those same countries at low interest rates. And they lent it to their governments, too, to fill their need for missing cash, which would in turn be spent on more German goods and services.”<sup>11</sup>



This is the toxic brew which is now bubbling over as the EU tries – and tries again – to bailout the Greek government. The fact, outlined by Saunders above, that much of this debt is held by German banks, explains why German capitalism supports such a bailout. But the terms that are being demanded are very severe, and it is Greek workers who are being asked to pay the price.

These conditions also run counter to the lessons learned so painfully in 2007 and 2008. The biggest lesson of the Great Recession was that it is neoliberal folly to cut government spending when economies are shrinking. Such cuts make economic decline even worse. In fact what is needed is an increase in government spending, so that government demand can compensate for declining private sector demand. But if Germany has returned to economic growth and can now contemplate cuts to government spending, Greece has not. It is estimated that the Greek economy – after contracting through all of 2009 – will shrink by a further 4% in 2010 and another 2% in 2011.<sup>12</sup> The cuts being demanded by the EU and the IMF will make a bad situation worse in the coming weeks and months.

There is hope in the situation – the evolving resistance emerging in Greece. One poll indicated that “more than half of Greeks say they will take to the streets if the government agrees to new austerity measures.”<sup>13</sup> The growing mass movement and opening to the left underway in Greece, is extremely encouraging. It is with that movement that hopes ultimately lie for the emergence of a really progressive Europe.

## **BREAKING WITH SOCIAL DEMOCRACY**

But we should temper these hopes with a sober assessment of the reality of the situation. Social Democracy – and the union bureaucracies on which it stands – is deeply implicated in the construction of the structures which are today being used to orchestrate an attack, across the continent, on social services and the working class. Social Democracy remains the leading force in the workers’ movement, and we can have no illusions in its ca-

capacity to lead a serious fightback. In Greece the movement has necessarily broken in part with PASOK, as it is a PASOK-led government which is implementing the attacks. But in Greece as throughout Europe, social democracy is only a reflection of the problem. The material foundation of social democracy is comprised of the union bureaucracies entrenched in the workers' movements in Europe and throughout the Global North. Ultimately the task facing the workers' movement and the left is not just a political break from social democracy, but organizational independence from these union bureaucracies.

Winning that independence will be bound up with creating a counter-hegemonic project whose horizons are not just the internal politics of Europe, but the fact of Europe's implication in the imperialism which oppresses the majority of the world's population. Our counter-hegemonic project, in other words, cannot simply focus on economic issues. A counter-hegemonic project in Europe – as in North America – has to simultaneously involve a break from chauvinism and racism.

Such recognition has practical implications. Greece's small role in Europe's noxious imperialism has been a series of chauvinistic rows over Macedonia and Cyprus, and its irresponsible and long-running feud with neighbouring Turkey. This has translated into an inflated military budget, keeping "Greek military spending well above that of other EU members, reaching €14-billion, or 6 per cent of GDP, in 2007 and 2009."<sup>14</sup> In other words, fully half of the deficit problem – which stands at between 13 and 14 per cent of GDP – is caused by inflated spending on war preparation. Breaking from chauvinism and militarism opens the door to a simple demand which can be a modest, but necessary part of the counter-hegemonic project – cut spending on war, not spending on welfare. **R**

Paul Kellogg writes regularly for the blog [www.polecon.net](http://www.polecon.net), where an earlier version of this article appeared, and also teaches at Athabasca University in Alberta.

#### Endnotes

1. Mike Dolan, "Global support show euro zone rescue means business," [www.reuters.com](http://www.reuters.com), May 12, 2010.
2. T.R. Reid, *The United States of Europe: The New Superpower and the End of American Supremacy* (New York: The Penguin Press, 2004), pp. 42-43.
3. Eric Reguly, "Greece swallows tough medicine in bailout," *The Globe and Mail*. May 3, 2010, p. B1. Accessed May 3, 2010. [www.theglobeandmail.com/report-on-business/greece-swallows-tough-medicine-in-bailout/article1553898/](http://www.theglobeandmail.com/report-on-business/greece-swallows-tough-medicine-in-bailout/article1553898/).
4. Nicole Itano, "Why the Greeks are protesting," [www.globalpost.com](http://www.globalpost.com). March 11, 2010. Accessed May 3, 2010. [www.globalpost.com/dispatch/europe/100311/greece-economy-civil-servant-pay](http://www.globalpost.com/dispatch/europe/100311/greece-economy-civil-servant-pay).

5. Tony Paterson, "As size of Greek bailout soars, supply of German sympathy runs short," *Independent* – London. Apr. 30, 2010, p. 16. eLibrary. Accessed May 2, 2010. [www.independent.co.uk/news/world/europe/as-size-of-greek-bailout-soars-supply-of-german-sympathy-runs-short-1958681.html](http://www.independent.co.uk/news/world/europe/as-size-of-greek-bailout-soars-supply-of-german-sympathy-runs-short-1958681.html).
6. Cited in Timothy Garton Ash, "The agonies of the eurozone reflect a far more significant hidden deficit," *The Guardian*. Feb. 25, 2010, p. 31. [www.guardian.co.uk](http://www.guardian.co.uk). Accessed May 2, 2010.
7. Salvatore Cannavò, "Toni Negri in favour of free-market constitution," *International Viewpoint* 377, April 2006. Accessed May 2, 2010. [www.internationalviewpoint.org/spip.php?article792](http://www.internationalviewpoint.org/spip.php?article792).
8. Christopher Hitchens, "What now for the European Dream?" *Australian*, Apr. 28, 2010, p. 8. eLibrary. Accessed May 2, 2010, <http://www.theaustralian.com.au/news/opinion/what-now-for-the-european-dream/story-e6frg6zo-1225859033532>.
9. Charles Bremner, "Swiss back right-wing minaret ban [Eire Region]," *Times of London*. Nov. 30, 2009, p. 3. eLibrary. Accessed May 2, 2010, <http://www.timesonline.co.uk/tol/news/world/europe/article6936802.ece>.
10. Ian Traynor, "Belgium to introduce first European ban on burqa and niqab," *The Guardian*, April 1, 2010, p. 21. eLibrary. Accessed May 2, 2010.
11. Doug Saunders, "Life in the German empire," *The Globe and Mail*, May 1, 2010, p. A23. [www.theglobeandmail.com](http://www.theglobeandmail.com). Accessed May 2, 2010.
12. Global Economics Research, "Greece GDP Growth Rate," TradingEconomics. Accessed May 3, 2010. [www.tradingeconomics.com/Economics/GDP-Growth.aspx?Symbol=GRD](http://www.tradingeconomics.com/Economics/GDP-Growth.aspx?Symbol=GRD)  
"Greek Stocks Decline Amid Recession Concerns," May 3, 2010, [english.capital.gr/news.asp?id=959695](http://english.capital.gr/news.asp?id=959695).
13. Jason Subler, "Greek austerity measures will work: deputy PM," Reuters, May 1, 2010. [www.reuters.com](http://www.reuters.com). Accessed May 3, 2010.
14. Eric Reguly and Brian Milner, "The bigger fear behind Greece: contagion," *The Globe and Mail*, May 1, 2010, p. B7. Accessed May 2, 2010, [www.theglobeandmail.com/report-on-business/economy/the-bigger-fear-behind-greece-contagion/article1553187](http://www.theglobeandmail.com/report-on-business/economy/the-bigger-fear-behind-greece-contagion/article1553187).