

Eurozone crisis - capitalists have no solution

As we go to press crisis meetings are taking place across Europe - the countdown to "save" the euro and possibly even the European Union. The latest deadline is 8 December, but even if an agreement is announced then there is no certainty at all of how long it will last. 2011 has already seen previous 'solutions' rapidly consigned to the dustbin.

While the financial markets are increasingly expecting, at the very least, a restructuring of the eurozone, with one or more countries leaving, the major powers are striving to avoid the probably catastrophic effects of a eurozone collapse on the European and world economies.

This is why both the US vice-president and treasury secretary discussed with European leaders this week. The markets, most recently in the shape of Standard and Poor's threat to downgrade all eurozone countries, are also exerting their pressure on governments to act.

At bottom, all the solutions which are being proposed are based upon a concerted drive to cut living standards. For now the 'weaker' countries are being targeted. In the last few days drastic new austerity budgets have been

announced in Ireland and Italy. In Ireland the latest €3.8 billion-cuts package is the fourth since 2008. But these are not simply measures to try to save the euro; they are part and parcel of the capitalists' drive to solve their crisis at the expense of the working class and many sections of the middle classes.

This is why, outside the eurozone, Tory chancellor Osborne announced new cuts at the end of November. Even presently 'prosperous' countries will be threatened, for example clouds are starting to develop over the Netherlands where household debt is equal to nearly 250% of total income; in Portugal the figure is 129%.

While France and Germany are effectively dictating to the other eurozone countries what steps should be taken, there is also a visible shift in European power occurring. Re-united Germany is not just playing the leading economic role but increasingly dominating the EU politically.

However Germany's demands for greater control over eurozone countries in return for continuing membership of the euro will create a backlash. The plans for a 'fiscal union' will, if implemented, mean attempts by France and Germany to control national

governments.

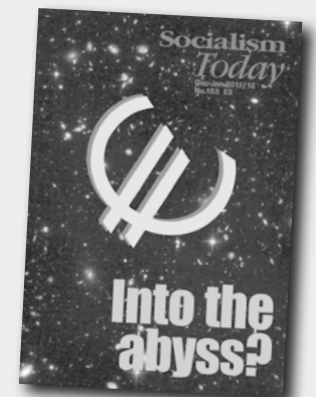
Already in some countries like Greece and Ireland, opposition to austerity is being tinged with anti-German feelings. But while German imperialism has benefited most from the EU and euro, this crisis's roots lie in the continuing world economic turmoil and the euro's Frankenstein character.

Naturally, the capitalists' attempts to solve the crisis in their own interests are meeting opposition; 30 November in Britain and 2 December in Belgium are the latest examples. But the labour movement has to link determined resistance to attacks with a vision of a better future.

This, however, cannot be achieved via the EU which is a mechanism for strengthening capitalism. A socialist alternative needs to be put forward, without this there is the danger that right-wing, populist nationalists will seek to take advantage of the crisis by blaming foreign 'enemies' and migrants. It is high time for the trade unions and left parties in Europe to plan concerted action to rally opposition and go onto the offensive against capitalism.

See www.socialistworld.net and next week's issue of the Socialist for more on the eurozone crisis

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Cuts and misery – it doesn't have to be like this

Paula Mitchell
Socialist Party London secretary

Unsurprisingly a doom-laden response has greeted Tory chancellor George Osborne's devastating attack in the autumn statement. Larry Elliot, in the Guardian, foresees a "dystopia", "nothing but a costly, gloomy war of attrition against debt". "We now inhabit a world of the living dead" he says: "a eurozone that will not collapse but cannot be reformed; banks that are kept alive by gigantic quantities of electronically generated cash but do not lend..."

Wolfgang Munchau, in the Financial Times, comments on German Chancellor Angela Merkel's solution to the euro-crisis: "She is proposing an austerity club, a stability pact on steroids. The goal is to enforce life-long austerity".

Reading the newspapers is like watching an old episode of Dad's Army: "We're all doomed!" Except that was funny, and this is far from it.

700,000 are to lose their jobs in the public sector, hundreds of thousands will lose their homes. Thousands upon thousands are facing benefit cuts, being forced into a life of grinding poverty. A whole generation of young people have had their futures torn away from them. Tragically, the biggest cause of death among young men is now suicide.

We are told, by Tories, Lib Dems and Labour alike, that there is no choice, no alternative to cuts. We are told that seven years of austerity are needed to wipe out the government deficit, now at £127 billion for 2011-12 - higher than George Osborne originally predicted.

They lie to us that it is the 'bloated' public sector that is to blame for the deficit. That did not look like the case when the public sector bailed out the private banks to the tune of £1.162 trillion to avert a complete collapse of the banking system in 2009.

Labour's shadow chancellor Ed Balls may correctly suggest that austerity cuts are eating into demand and that is why Osborne has had to downgrade growth forecasts, but he offers no alternative himself.

Yet it is the greatest con-trick to suggest that there is no money, no alternative to cuts. The super-rich gamble billions of pounds every day on the money markets; billions more are silted away in the bank accounts of big business, rather than being invested in new jobs and industry. Banks, sitting on bailouts and newly printed money (quantitative easing), refuse to lend to small businesses or ordinary people. There is no profit to be made, so the rich hoard and speculate instead.

Nationalise

It is the greatest crime that while all this is true, millions of people's lives and livelihoods are being destroyed in the name of austerity.

The PCS trade union points out that the rich owe £120 billion in unpaid taxes - a simple solution, one would think, to this year's borrowing requirement.

But then what about the whole national debt, the money owed by the government to private banks and buyers of UK government bonds? In September 2011 this figure reached £966.8 billion.

In 2010, Professor Greg Philo of Glasgow University made a simple proposal that would wipe out even this. He pointed out that the richest six million people in Britain (then) had £4,000 billion in private wealth. Just a fraction of this would wipe out the whole national debt. He proposed a simple one-off tax on the wealthy, to be paid when they die. In a YouGov poll, only 10% of people did not agree with this proposal!

Greg Philo is right, there is more than enough wealth in Britain and a socialist government would certainly tax the rich. But why hand that

money over to the banks, spivs and speculators who play with UK government debt for their own profit? Repudiate the debts! Use the money instead to invest in jobs and services: in schools, hospitals, parks and libraries.

But how would the rich be forced to pay their taxes? At the first whiff of having to pay their share, big businesses and banks would scurry off out of London to other countries, we are warned. They already threaten to do that because of the 50% top rate of tax.

This is why the Socialist Party calls for the banks to be nationalised - not for the benefit of private vultures as has been proved to be the case with Northern Rock, but democratically, with workers' control and management. A socialist government would need to introduce state controls of all capital going in and out of the country. In this way the banking system could be run to provide cheap loans and mortgages to small businesses and ordinary people.

Some commentators offer additional solutions. We would agree with Deborah Orr, in the Guardian, who suggests sharing out the work: "Why not, say, three months on, three months off? That way people with summer child-care responsibilities can team up with people without them... Better some work than no work".

Create green jobs

Deborah Orr says this because she believes full employment is impossible. "Better some work than no work" is a bleak scenario. But with a programme of public works, such as house, hospital and school-building, it would be entirely possible to create large numbers of socially useful and 'green' jobs.

Nonetheless, we agree with sharing out the work as a measure to eradicate unemployment and to improve quality of life. To make this vi-



On the London N30 demo photo Paul Mattsson

able, an essential accompaniment to this proposal would be to ensure no loss of pay.

In the public sector, this means proper investment. In the private sector, to companies which threaten to lay off workers or cut pay, we say "open the books" - show us where the money has gone! Take them into democratic public ownership to save jobs, pay and conditions.

It is not the country that is broke. It is the chaotic, profit-driven capitalist system, which, since the collapse of Stalinism, has had 20 unchallenged years to prove itself and has come to this: teetering on the brink of an economic abyss that threatens to plunge us all into a horrifying dystopia.

A few weeks ago the world's population reached seven billion, one billion of which goes hungry every

day - not through lack of resources to feed them, but because there is no profit in it. There is enough money in the world for everyone to have a decent life: an education, a home, a job, health services and security in old age. To ensure this means the wealth has to be owned and controlled democratically, and production and distribution planned in the interests of the millions, not the millionaires. Capitalism may offer dystopia; socialism offers a bright future for humanity.

To win this alternative future, working class and young people have to fight for it. The public sector strike on 30 November was a first step - a first taste of the potential power of the working class.

See pages 5-8 for more on the 30 November strikes