

Europe's Recovery Fund: An instrument of class war against weaker Europeans everywhere

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Europe never was the battlefield on which the frugal North clashed with the profligate South. Instead, every European country has been the battlefield where a vicious class war is fought by a transnational oligarchy-without-frontiers training its armour against the weaker residents of every country, every region, every community. Covid-19, and the European Union's response to it, only magnifies the human costs of this unrelenting class war. All talk of a North-South clash is founded on a gigantic lie, that is based on many small truths, conveniently hiding from Europeans' gaze the class war that diminishes their life prospects.

The crisis of financialisation in 2008 intensified Europe's class war massively, holding a majority of Northern and Southern Europeans behind and leaving Europe, including its capitalist class, much weakened in relation to the rest of the world – the United States and China in particular. Twelve years on, Covid-19 gives this crisis a new, violent spin. The weak are weakened much, much more while Europe as a whole falls further and further behind the United States and China.

While the EU's leadership and bureaucracy have been quite active in the past three months, producing one impressive-sounding policy announcement after the next, the sum of their actions boost the class war that enfeebled Europe over the past decade and weakened a majority of Europeans everywhere.

The context: Europe's place in the Global Class War

To understand the nature of Europe's class war, we need first to reassess the global class war underpinning Globalisation. In the era of global capital flows and financialisation, nation-state-based analyses of economics, finance and politics are bound to mislead. Indeed, if we have learned anything in recent decades, it is that it is pointless to focus on any single country's economy.

Once upon a time, when money moved between countries mostly to finance trade, and much of domestic consumption was satiated by domestic producers, it was possible to assess the strengths and malignancies of a national economy. Not anymore. Today, the malignancies of China and Germany are viciously intertwined with the malignancies of countries like the United States and Greece.

The unshackling of finance in the early 1980s, following the end of the capital controls left over from the Bretton Woods system, enabled gargantuan trade imbalances to be funded by rivers of money created privately via financial engineering. American hegemony grew as the United States shifted from a trade surplus to a massive trade deficit because global demand is maintained by American imports which, in turn, are financed by a flood of foreigners' profits into Wall Street – a strange recycling process that is managed by the world's de facto central bank, the Federal Reserve. Maintenance of this majestic, albeit utterly imbalanced, system necessitates the constant intensification of class war both in the deficit and in the surplus countries.

Deficit countries are all the same, at least in one important sense: They are condemned to generate debt bubbles and for their working classes helplessly to watch as industrial areas morph into rustbelts, whether they are powerful countries like the United States or

weaklings like Greece. Once the bubbles inevitably burst, workers from the Midwest to the Peloponnese are, thus, engulfed by debt bondage and free-falling living standards.

Surplus countries differ a great deal from one another, the commonality of the fierce class war against their working classes notwithstanding. Take, for example, China and Germany. Both feature large trade surpluses in relation to the United States and the rest of Europe. And both repress their working class' income and wealth. The important difference, however, between China and Germany is that, while China maintains huge levels of investment through a domestic credit bubble, Germany's corporations invest much less and rely on the credit bubbles building up in the rest of the eurozone – credit bubbles that benefit massively the local oligarchies in Greece etc.

The true nature of the euro crisis thus becomes obvious: It was never a clash between the Germans and the Greeks, whom I use here as shorthand for the fabled North-South clash. Instead, what we always had was an intensification of class war within Germany and within Greece at the hands of an oligarchy-without-frontiers living off financial flows disproportionate to actual production or trade. For example, when the Greek state went bankrupt in 2010, the austerity imposed on most of the Greek population did wonders to restrict investment not only in Greece but also in Germany, thus indirectly repressing German wages at a time when the central banks' money-printing was pushing share prices and German directors' bonuses through the roof.

Adding to this picture the fact that Deutsche Bank was made whole by the Greek 'bailout', that Fraport and other German companies were given for a pittance 14 lucrative Greek airports and other public assets, that the Greek oligarchs were also bailed out by the EU and were enlisted in the fight against the Greek Spring of 2015, it is clear how the EU's institutions worked tirelessly so that the euro crisis is not wasted – that it ended up benefitting German and Greek oligarchs at the expense of Greek and German workers and smallholders.

Bungled Exploitation: A very European failure

Class war is, arguably, more brutal in China and in the United States than in Europe. However, the lack of a European political union ensures that Europe's class war is verging on the pointless, even from the capitalist class's perspective. Proof that German capitalists squandered the wealth extracted from the working classes of the European Union is not hard to find. The surpluses the German private sector amassed from 1999 onwards were devalued by a massive 7% (compared to a 50% gain of US assets) courtesy of having no alternative but to lend these trillions of euros to assorted foreigners whose subsequent distress led to large losses.

This is not only a German problem. It is a condition afflicting the other surplus EU countries as well. Handelsblatt revealed last week a notable reversal. Whereas in 2007 EU corporations earned around €100 billion more than their US counterparts, in 2019 the situation was reversed. Moreover, this is an accelerating trend. Only in 2019, corporate earnings rose 50% in the US more than in Europe while, projections suggest, that in 2020 the US corporates will lose 20% of their earnings compared to 33% in Europe.

The gist of Europe's conundrum is that, while it is a surplus economy, its fragmentation ensures that the incomes losses of German and Greek workers do not even become sustainable profits for Europe's capitalists. In short, behind the narrative of Northern Frugality hides the spectre of Bungled Exploitation.

The European Union's economic policy agenda in response to Covid-19

Rumours that Covid-19 caused the EU to lift its game are grossly exaggerated. Good people who took heart from the news that, however reluctantly, the EU has embraced common debt in a bid to further the cause of paneuropean solidarity, will soon be deeply disappointed. Behind the heroic pronouncements and the triumphant propaganda lurks a sordid truth: The class war against Europe's weaker people is escalating. And so is Europe's descent into global irrelevance.

It all began with the quiet death of the Eurobond. Eurobonds, as advocated by DiEM25, would perform a simple task: They would

automatically convert any new Italian, Spanish or Greek public debt (due to the impact of the pandemic on public revenues and expenses) into European debt (in the same way that US Treasury Bills absorb the costs of a recession in Missouri and Wisconsin). But, once the Eurobond was killed off by the Eurogroup in early April, it is now a given that the gigantic increase in national budget deficits will be followed by equally sizeable austerity in every country – a euphemism for the intensification of the class war that depletes the already atrophied incomes of the majority in each of our countries.

What about the large Recovery Fund under deliberation currently? Can it absorb austerity's impact and thus shield Europe's working classes from a further loss of income and prospects? Is perhaps the agreement for the European Commission to issue common debt to fund this Recovery Fund Europe's Hamiltonian moment and an opportunity to bring about solidarity with the weak across the Continent? I am afraid the answers to these questions is a large, unequivocal 'No!'

Yes, common debt instruments are a necessary condition for ameliorating the intensified class war. However, they are not a sufficient condition. Two are the conditions for common debt to play a potentially progressive role; i.e. one that favours the weaker people across an economic block:

First, that the common debt is open-ended, rather than fixed term. If debt is issued for a specific period of time, and needs to be repaid by a certain deadline to the full, it constitutes a loan from the surplus to the deficit regions and from the rich to the poor citizens; i.e. it is the opposite of... solidarity. Lest we forget, the EU's Recovery Fund is exactly this: a fund with an expiry date to be funded by common debt that must, however, be fully repaid by a certain deadline.

Secondly, to play a progressive role, common debt must fund the weaker citizens and firms across the common economic area: in Germany as well as in Greece. Automatically. Without reliance on the kindness of local oligarchs. It must operate like an automated recycling mechanism that shifts surpluses to those in deficit within every town, region, state. In the United States, for example, without any involvement of governors and local bureaucrats, food stamps and

social security payments support the weak in California and in Missouri while, at once, shifting resources from California to Missouri. [Which is, of course, why American class warriors are hellbent on cutting social security and curtailing food stamps.]

In sad contrast, the so-called European Recover Fund was announced complete with a precise sum of euros to be dispensed to each nation-state via its government. This fixed allocation to different member-states will turn one nation against the other, as the fixed sum to be given to Greece will be portrayed in Germany as a tax on Germany's working class. Moreover, one can only be appalled by the idea of transferring monies to the Greek government, effectively entrusting the local oligarchy behind it with the task of distributing the monies to the people of Greece!

Conclusion: Europe's class war and fragmentation will intensify in the post-pandemic era

The media adore a boxing match allegory. While the Dutch, Finnish, German and Austrian representatives attempt to water down the EU's Recovery Fund, commentators will be making the most of the opportunity to present Europe as a ring in which, in the blue corner, the Frugal Protestants prepare to take on the Profligate Greco-Romans in the red corner. However, in exactly the same way that the spectre of trade wars between China and the United States is employed to hide the intense class wars within the United States and within China, so too in Europe the real bout is between a North-South alliance of oligarchs against everyone else.

There is, however, a difference that distinguishes Europe's class war as particularly inane: Unlike China and the United States, whose institutions are capable of managing the class war so as not to weaken their corporations, Europe's institutions are incapable of doing this. Thus, European capitalism wanes even though the class war against the weaker Europeans intensifies. In short: European oligarchs are not even good at serving their interests! Europe's class war is intensifying but European capitalism falls behind day in day out. Bungled exploitation seems an apt term here.

Where Europe's establishment seems to have improved is in its capacity to convince even some progressive Europeans (desperate for some good news) that recent policy announcements, like the EU's Recovery Fund, are broadly in the right direction. They are the opposite. A good look at the Recovery Fund's makeup, seen against the backdrop of huge new austerity, dispels any hope that the unrelenting class war against Europe's many is about to subside. Instead, what becomes obvious is that the EU is, yet again, investing in solidarity among oligarchies – North and South, East and West.

Solidarity amongst Europe's oligarchs will never empower Europe's majority. It will only intensify the omnipresent class war that short-changes almost all Europeans and pushes a majority of them into despair. This is why DiEM25, our transnational Democracy in Europe Movement, is more relevant than ever: Because the only force that can oppose the oligarchy's class war tactics is a transnational movement that knows no frontiers and transcends the borders of Europe's member-states.

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