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On The Social And The Political Outcome Of The Crisis

I suppose it does not help the debate if in my text I repeat the usual repertory of left and Marxist interpretations of the crisis and the alternatives derived from them. Rather, the question is: If the crisis confirms our theory of the character of capitalism and if our suggestions are so plausible, that they do not only make sense to us, why is this not reflected in a political development towards the Left in Europe? Why is the opposite the case or, to say it in other words, why does not in times of the so-called “crisis of the neo-liberal hegemony”, a new, socialist hegemony develop?

One group of the circumstances which has to be taken in account are the largely different conditions in terms of economic, social political and cultural premises which prevail in the individual countries and regions of Europe. As regards the social model we distinguish five types corresponding to different traditions in the regions:

- The northern area, Scandinavia and Finland with a long-lasting tradition social-democratic governments and well organised moderate trade unions;
- the centre-west, consisting mainly of Western Germany, the Netherlands, Belgium, Luxembourg, Switzerland and Austria, in which social democrats and Christian democrats developed a peculiar system of corporatism in order to manage post war capitalism;
- the “Anglo-Saxon model” in Great-Britain where we saw the rise and fall of Tony Blairs “3rd way”;
- the south with an extraordinary class militancy, but weak social insurance systems and transfer intensities which for a long period were compensated by traditional patriarchal family structures;
- and last not least Eastern Europe in which after the end of the Cold war nearly all aspects of the welfare state were abolished;

However even with regard to the economic effects of the crisis we have to distinguish between the roots, manifestations and impacts of the crisis on individual economies which indisputably are of general character even when they differ in terms of time and the fact that at the same time significant differences persist.

The latter may range from the highly “financiarised” capitalism in Spain which now results in the deepest economic down turn during the countries post war history with an unemployment rate amounting to 20 per cent, the again rise of mass unemployment in Poland and the complete crash of the economies in Latvia and Estonia with a downturn of 10 respectively 11 per cent in the last quarter of 2008.

Even the Czech Republic which widely was perceived as one of the few cases which seemingly moved forward slowly but smoothly is now roped in the maelstrom of the crisis. Let’s remember that the Czech, the Slovakian and the Hungarian economies are amongst the most export oriented open economies in the EU with an export share of about 80 per cent of

the GDP, which makes them now particularly vulnerable to the crisis in Germany which still represents the most powerful economy of the EU.

One aspect to be considered is certainly that Germany – and also Austria – are undergoing a kind of latency period of the crisis at the moment. The crisis has arrived – that is, what the relevant economic data prove. Also public opinion which was in surveys has turned towards pessimism – or at least that is what opinion polls tell us –, yet the social consequences of the world economic crisis are not felt yet in their entire breadth and dramatic force. Both the ruling and those being ruled can cling to the hope that the tempest will pass by and that with some constraints perhaps and after a while, everything will move on as usual. In autumn when the expected lay-offs will happen in real, which will have drastic effects also on small and medium-sized companies and on the local communities, the situation will look different.

Martin Schenk, spokesperson of the “Austrian Poverty Conference”, prognoses an increase of manifest poverty of 25% for autumn. In winter, according to Schenk, about one million people in Austria will be officially “poor”, which will have as a consequence that ever more people are cut off from electricity and gas supplies and excluded from media and culture programmes. Already at this point it shall be said that this kind of poverty will be one concerning mostly women and that it increasingly concerns children.

There is consensus among left economists, social scientists and political activists regarding the seriousness of the situation. Yet, are we sufficiently aware of its effects on our social, political and cultural lives? Do we fully comprehend which tasks the Left is facing?

We are probably facing deep cuts in our political and private biographies. Therefore it might help to admit that we are familiar with a world economic crisis and its effects only from history books.

This holds true for most people, including the members of the elites. Neither Germany nor Austria is prepared for a situation of mass unemployment and mass poverty in both social and psychological respects. From the political perspective the question arises how the “middle class” – among which I count the “working class”, at least in the form in which the (Austrian?) trade unions and the political Left address it – will react?

What I can report about my home-country, Austria, and I take it as an example, does not give rise to great optimism. Here the native, male working-class is turning towards the Right. Already since the last elections right extremism has been forming a block which in Parliament is at eye-level with the Conservatives and the Social Democrats; at regional elections; and in Carinthia this year, a few weeks after Joerg Haider’s cloak-and-dagger death in an accident, 55 per cent of male workers under 25 years of age voted for one of the two extreme right parties. Thus the political scenario of a relative majority of these parties in the Austrian Parliament is taking concrete shape. Yet this refers to the situation as it presented itself before the crisis.

A recent survey about the voting behaviour of 16- to 18-year-old Austrians (so-called first-time voters) has shown that 31 per cent voted for the Freedom Party. According to the same survey, the Social Democrats achieved only 9 per cent in this segment of the electorate.

It would be insufficient to interpret this voting behaviour merely as a kind of diffuse, apolitical protest. Not only does the survey quoted above suggest that both parties, the Freedom Party (FPÖ) and the Alliance for the Future of Austria (BZÖ), are considered right-

wing by young people and are elected for exactly that reason, but also alarming attitudes were found. For example, one third of the first-time voters agrees to the statement that “the Jews have to be blamed for negative capitalism”. Only 40 per cent of them object to a general stop to immigration of Muslims.

It is interesting to see that there are also characteristic differences between the sexes: While 28 per cent of young men counted “discipline and obedience among the most important qualities“, the same holds true only for 18 per cent of young women”.

Although it is easy to prove interferences of the Freedom Party (FPÖ) with organised Neo-Nazism the terms of “Fascism” and “Fascisation” are – for reasons which are mainly political and historical – not used to describe this phenomenon. But to merely state that present-day right-extremism is not clothed in the costume of the 1920s and 30s is not only true but trivial. Don’t we – in Austria, that is – have to ask ourselves the question, which potentials in our society exist which make a repetition of history possible – and this not only as a farce but as a tragedy?

The sadist xenophobic campaigns of the Austrian right extremists and more than that, their attractiveness in elections, make it clear that we live in a society in which the authoritarian potential is again able to grow to a critical mass resorting to aggression against ethnic, religious, social and political minorities. Is this finding relevant for Austria only?

Generally, it is said that the advance of the Right reflects the lack of a credible political alternative on the part of the Left. This might be true for France and Italy where social movements are rallying against the crisis, yet the political Left finds itself in a state of dissolution and fragmentation after unfortunate participations in the respective governments.

Yet, what is happening in the German-speaking countries of Europe? In Austria, the problem is not merely a political one. On the contrary, it can be stated, that the attempt to create elements of a new, socialist hegemony is failing in the face of neo-liberal value orientations which are deeply immersed into everyday culture. So as true as it might be that neo-liberalism as a variety of economic policy is discredited in the current crisis of the global economy, as an ideology which is effective in everyday life it has not been overcome neither in practice nor in theory.

Walter Benjamin characterised the fascist movements of the 1930s as a rebellion based on private property relations. We know the outcome. It might be true that right extremism – at least among young, under-privileged men – can be interpreted as a rebellion, this time against a precarious and unfathomable reality, yet based on an everyday culture structured by neo-liberalism.

If this finding were correct, what would be the consequences?

Of course, it is true that also without the economic crisis right extremisms would not disappear, but it would be a manageable problem. Is Bill Clinton’s sentence, “It’s the economy, stupid!” correct in this case, too? ATTAC, Rosa-Luxemburg-Stiftung, transform! and many other initiatives have opened up the space for critical debates of the economic situation.

Yet we find that mid-term prognoses are not really possible. This is from another perspective illustrated by Barry Eichengreen and Kevin H O’Rourke’s contradictory finding in their essay

“A Tale of Two Depressions”. On the one hand, they say, the comparison of characteristic indices (stock quotations, industrial production, world trade) of recent months with data from the year 1929 proves that we are moving on a path of development which parallels the beginning of the great recession. Or even worse than that, “The ‘Great Recession’ label may turn out to be too optimistic.”

On the other hand, the interest policies of the central banks and the increase of the money in circulation show that so far the political reactions to both crises are significantly different. This does not mean that present-day political answers are sufficient or merely adequate. On the contrary; the alternatives presented by left economists – reversion of the process of distribution of the last three decades, coordinated European programmes, disengaging old age pensions from capital markets, minimum levels of taxation on capital and profits in Europe, taxation on transactions, the promotion of public sectors of employment etc. – make clear the shortcomings, of European governments in particular. What Eichengreen and O’Rourke’s argument also shows – en passant so to speak – is that there would be a potential for the realisation of these measures, if the political will were there. That first and foremost a change in politics is required.

Yet, there is also another perspective.

A few weeks ago the Austrian media were seized by a national euphoria, because the management of a trans-national company was able to convince its employees of the necessity to voluntarily accept a reduction of their wages. It goes unquestioned that that happened under the pretext of the crisis. Yet, it is more realistic that the company’s war chest is being filled for the planned battle of taking over the Opel-company than to assume that jobs will be secured that way.

This episode makes clear that the crisis is not only a field in which experts, different interpretations and economic and political concepts are at war, but that it presents a dispute fought over who is to pay the costs of coming to terms with the structural contradictions of the capitalist economy which cannot be delayed any longer. With a somewhat outdated term it could be said that the crisis presents the field and the form of a class struggle. The slogan of the manifestations taking place on March 28th following a call of the World Social Forum, “We won’t Pay for Your Crisis!” demonstrated that very well.

“Class struggle” is about the distribution of social wealth, of opportunities in life and of power between big groups within society. That is what the crisis is all about. The Left should not hesitate to turn to those confronted with the threat of being plundered. We should not address them only as victims, though, but as those who according to their number and their position in society can claim participation in its wealth and in the constitution of the social whole. That is what I understand by raising the question of hegemony.

Does referring to the term “class struggle” mean that in the crisis the bell tolls for fundamentalists? Do we have to accept that the answer to right-wing demagogues and baiters consists in left-wing populism and rhetoric?

Answering this question, it might help to remember that it was fundamentalism with which the Communist International reacted to the crisis of the 1920s, thus bearing part of the responsibility in its own defeat against Fascism. In the light moment of its 7th World Congress the Communist International made a turn towards real politics and towards defending the

threatened democracies, which can be read as an adequate reaction to the crisis, albeit it was too late for Germany.

Yet also the multi-dimensional and complex character of the global crisis at the beginning of which we are standing excludes one-dimensional, fundamentalist concepts in any rational debate. Those who think they have found the Achimedean points, from which the crisis could be interpreted in an all-comprising way and overcome, are unfortunately mistaken.

The insight that currently we are facing not only an economic and a financial crisis, but also a crisis of the eco-sphere, the international division of labour, of nutrition and the international political order, has gained ground within the Left. Yet, the different crises do not just add up, as a simplifying rhetoric would have it, but form a knot which cannot be cut through in one single blow.

Therefore finding political ways-out requires the inclusion of different experiences and also respecting the differences in political orientations resulting from that, for example, recognizing that the food crisis is in vast regions of the South experienced as a crisis of patriarchal social structures. Also the affinity of certain parts of the male, white, native working population in the developed capitalist countries to extremely right attitudes indicates a crisis of the relations between the sexes, within which it seems that the precarious living-conditions experienced by young men can only be coped with by aggression.

Similar things could be shown referring to the untenability of the division of labour and income between the global North and South, which enters the everyday consciousness not so much via the activities of well-meaning NGOs but as the presence of a great number of immigrants who rightfully claim their equality and human rights. Seen from this perspective, the slogan should also be, "It's the culture!"

The message of the crisis is therefore not only that the majority of the populations have to take up political struggle if they do not want to end up as its victims, but also that – following the crisis – they have to get used to the idea of changes in their ways of living.

In Carl Polanyi you find the idea that it is not so much the classes which determine the fate of humankind. Rather the fate of the classes depends on their ability to contribute to the solution of the great questions humankind is facing.

This is the second dimension in which the question of hegemony arises.

So what kind of world is this which will be the outcome of the crisis? One need not be a prophet to say that this world will be clearly different from the one we know today.

According to the IMF, the share of the G-7-states in the global GDP has decreased from 49 to 43 per cent between 1990 and 2007, while the share of BRIC (Brazil, Russia, India and China) has increased to 21 per cent.

At the same time the global economic output was increasing from 22.8 to 53.3 billion US-Dollars, with the emerging economies accounting for half of the increase of the economic output.

As much as the current economic crisis is the expression of this shift in global economic power relations, as much it will presumably also intensify these new power relations. The

global economic growth of 2 per cent as foretold by the IMF for 2010 will take place in the emerging countries exclusively.

While for the USA a zero economic growth and for Germany a negative economic growth is presumed, the GDPs will grow by 5.6 per cent in India and by 7.5 per cent in China.

If the present trend is extrapolated up to the year 2050, China would produce a GDP that would be 25 per cent higher than that of the USA and 50 per cent higher than that of the EU.

This has another drastic consequence: neo-liberal globalisation has globalised capitalist modes of production and living. Both of them are energy-consuming. They are unscrupulous in their exploitation of people and of nature. As a minimum goal the UN has resolved upon the reduction of global greenhouse gas emission by 25 to 40 per cent as compared to the amount of 1990. But since 1990 these emissions have further increased. The path of reduction demanded by the UN is with the economic growth of the emerging economies removed beyond the reach of a foreseeable future.

So, who is to carry the burdens of both the shift of in global power relations and the necessary reversal in ecological efforts?

The thesis I want to propose here is that this is not only the global context to the current crisis but also the question – moderated by numerous cultural, political and historical factors – around which today' Whoever has recognized his condition – how can anyone stop him?'s and tomorrow's wars will be fought.

Therefore it must be moved into the centre of class political struggles.

Our societies are facing a dramatic shock of adaptation.

While the extreme Right, irrational and conservative as it is, wants to make believe that the current modes of production, consumption and ways of living can be kept up with violent means against the minorities inside our countries and against the majority of the world's population, the Left must link up its struggle of resistance with the political, cultural and psychological preparation of that change which results from the contradictions within the world today. The ability to find consensuses on that ground is the essential content of that new hegemony, which is the precondition of a new political project.

With regard to that project, its courses and its results have to be thought as open-ended. Because one thing is certain: they can only be developed from a democratic discourse between highly different approaches and claims. Organising this discourse and linking it up to the resistance against the shift of the burdens of the crisis on the shoulders of those at the bottom is – to my mind –the political challenge we are facing today. The World Social Forum taking place in Belem a few months ago, the attempts started there of building an international network between trade unions and social movements, also on a European level, represent steps in this direction.

Other ones will follow. The question is: Will our efforts and our capacities be enough?

In any case, Brecht's saying may serve as an encouragement:

“Whoever has recognized his condition – how can anyone stop him?”

(Brecht, Praise of Dialectics)