

The crisis of finance market capitalism – challenge for the left

Berlin, March 2009

Translated abridgment of »Die Krise des Finanzmarkt-Kapitalismus – Herausforderung für die Linke«, »Kontrovers« 01/2009: <http://www.rosalux.de/cms/index.php?id=18514>

The brave new world of neoliberalism lies in ruins. Its wealth turned out to be robbery, sham and deceit.

The Left is in a new situation. Without its self-transformation and the development of a capacity to act that is adequate to the times, it will squander for a long time any possibility of becoming a force of social, ecological, democratic and peace-promoting social transformation beyond capitalism.

This paper, presented here in a shortened form, aims to contribute to the discussion about the strategies of a Left that is renewing itself in the crisis of neoliberalism.

Neoliberalism in Crisis

The hard-pressed, insecure, plundered community is supposed to pay the bill of a more than thirty-year long orgy of redistribution from below to above, from the public to the private. Millions lose not only their work, but also their homes and pensions.

The financial crisis is intertwined with a cyclical economic crisis and the exhaustion of previous fields of growth of a self-centred society and the information technology revolution. At the same time, the costs of global warming explode and take away from hundreds of millions of people the foundation of their life. The economic crises interwoven with each other threaten to flow into strengthened constraints of repression and competition and to become the lever of a perfected system of neo-colonial exploitation.

Neoliberal responses to the over-accumulation crisis

The crisis of neoliberal financial market capitalism broke out in its centre and has a central systemic cause: it was triggered by a previously unrecognised autonomisation of the financial sphere with respect to other economic fields and the inclusion of all social fields into speculative financial businesses beyond any possibilities of social or state organisation.

Fundamentally, in the face of the real relations of force, different ways of overcoming the current economic crisis are thinkable and are to be viewed from an historical perspective as possible. Each of these ways is of a political nature and does not emerge spontaneously from the economy. They all presuppose active dimensions of the state. It would be a catastrophe if the economic crisis were to be conjugated with a collapse of such dimensions of the state.

One can attempt to direct the surplus capital into new fields of investment. A current possibility, in no way to be discounted, is also an inflation policy, linked with extreme social and international tensions. Both – the opening up of new fields of accumulation or the inflationary devalorisation of capital – can also go together hand in hand. If the current tendency of over-accumulation of capital is not stopped, the explosive material of an even greater financial, economic and social crisis will build up.

The Social Crisis of Financial Market Capitalism and the Necessity of System Alternatives

Whether or not the momentary crisis will become a systemic crisis is an open question. As a *structural crisis* of capitalism, however, it is in many respects a *social crisis* of capitalism.

First: with the crisis of the market radical mode of regulation whose exposed expression is the financial crisis, the ideology of neoliberalism has been shaken.

Second: neoliberalism has brought forth structures that are not viable. Important goods for a life with human dignity were only completely unsatisfactorily produced. The current crisis pushes large parts of the world society into growing insecurities and leads increasingly to revolts among those who are hit most hard in the foreign and domestic peripheries. Protest and resistance are forming on all levels, still fragmented and many without clear direction, but growing.

Third: democratic governmental forms have been implemented in many countries in the last twenty years. At the same time, the social, economic and cultural basis of democracy is undermined.

Fourth: neoliberal capitalism has also squandered its legitimation on the terrain of domestic and foreign security. In the Iraq war, the imperial claim to structure order in every region of the world according to the paradigm of the West with military violence when other methods were not possible has failed. Expenditure for armaments and war are lacking for the financing of development in the South and the public services even in the rich countries.

A New Orientation of Social Forces

Very different forces are working on projects, tendencies and scenarios for the reestablishment and/or development of bourgeois capitalist domination. Just like in the crisis of Fordism from 1968 onwards, different crisis moments come together, which are met by an intensification of the old mechanisms of regulation, while already something new is coming into existence. The following tendencies within neoliberalism, which at the same time point beyond it, are developing at the moment in parallel.

(A) A New State Interventionism

The rulers are reacting to the crisis by changing rapidly and suddenly the open, decades-long contempt for the state – in reality, regularly active even in neoliberal capitalism – into massive state interventions.

The state rescue actions also include elements – even if very limited – of a consensus securing support for social groups with low incomes, the limitation of manager incomes and even consideration of state participation in industry enterprises. The bank rescue packages were followed by state anti-cyclical conjuncture programmes. Within the EU the Lisbon strategy, with all its problems, is maintained.

(B) The Regulation of the Financial Markets and the Fight over a New Bretton Woods

Now the future of the global financial system becomes the centre of the debates: restorative forces that want to use the state and its finances for the re-establishment of the old order and “crisis gamblers” who try to become winners out of the crisis are pitted against reformist initiatives that clearly want to go beyond the previous status quo. A real break with neoliberalism, however, cannot yet be discerned.

(C) A Public New Deal

With the renewal and the building up of the public sphere above all through new investment programmes in public infrastructures, education and health systems and the creation of new jobs in those branches, particular groups around President Obama attempt both to make up for the crash of the US economy and to deal with

the crisis of reproduction and jobs and to submit new offers of consensus to the lower social groups. A Public New Deal is supposed to deliver the reconditioning of the general conditions for the reproduction of capital.

(D) Green New Deal

A green New Deal contains a state initiated and massively subsidised transition (transformation) to an “ecological” mode of production that opens up new fields of accumulation for capital seeking after investment possibilities (the further commodification of natural resources in the field of biodiversity or gene technology; technologies for ecological increase in efficiency in production and energy conservation); new investment and speculation possibilities open both new markets in certificate or emission trading and in ecological consumption. Nature and environmental protection becomes a commodity, which limits the possibilities of solving the ecological crisis. The green New Deal is thus not the solution of the ecological crisis; rather, it is the attempt of its elaboration in the sense of a re-establishment of expanded capitalist accumulation and hegemony over the inclusion of progressive oppositional groups and interests of the subalterns.

(E) Millennium Goals and Struggle for a more Just World Order

Global catastrophe or global cooperation – tendencies towards a global cooperative capitalism are intensified under the pressure of this alternative.

A great signal for the cooperative reduction of poverty in wide regions of the globe was the decision on 8 Millennium Goals at the Millennium Summit of the United Nations in September 2000. Supplementary steps were agreed upon at previous and following conferences. However, the reality in the developing countries admonishes the weakness of the cooperation against poverty.

Tendencies towards international cooperation exert an effect in global environmental politics. In the last minute of the negotiations, the USA, still under Bush’s presidency, saw itself forced at the environment conference in Bali in December 2007 to vote for a compromise suggestion, which opened the way for Kyoto follow up controls. The ecological components in Obama’s conjuncture programme confirmed that.

(F) The emergence of an entire range of variations and the competition of post-neoliberal developmental paths

The Washington consensus was already delegitimated before the crisis; after the crisis it will be completely gone. Neither can the USA and Europe determine alone the rules of the game, nor is a transnational consensus recognisable.

In South American, strong social movements have upset governments, centre-left governments have been brought to power, approaches of participative politics and economies based on solidarity have been established, and indigenous movements have forced another way of dealing with representation, public life and property.

Also in India strong movements have been formed, of peasants, the landless, “untouchables” and networks critical of globalisation.

Even more clearly, China’s state capitalism or the investment policies of the Gulf States seek – from above, that is – to bring capitalist dynamics and state controlled development with selective opening into another relation, and thus to determine (more) independently the future of their countries.

In Scandinavia, despite neoliberal hegemony, different elements of another type of capitalism as well have been maintained.

Internationally, there was formed inside the WTO another G20+, as a loose union of countries of the ‘global South’, in order to put something against the negotiation power of Europe, the USA and Japan and to strengthen the position of the ‘global South’. Whether or not these developments will lead to the formation of a new capi-

talist bloc with its own hegemonic political or imperial ambitions, is still not clear. As counterweight to the transnational institutions like the IMF, the World Bank or the WTO, regional integration projects that go beyond them like Mercosur or ALBA in Latin America are promoted, cooperation between China, Japan and South Korea or the ASEAN states is slowly deepened, and regional development banks like the Banco del Sur have been founded.

Nevertheless, this should not be overlooked by any means: people in Africa are further taken down and are nonetheless confronted massively with free trade demands. The Millennium Development Goals were not reached.

(G) A New Authoritarianism

For years, the movement of particular social groups towards the right has been observable. The precaritisation of modes of labour and life and the thinning out of the so-called middle classes is linked to the return of strong boundaries of exclusion and respectability, authoritarian educational and service notions as well as an intensification of migration politics and exclusion. With the assumption of governmental power by clearly right wing governments, there is the attempt to forge a social consensus, under the cover of nationalistic invocations, between the upper and lower layers of society.

In terms of foreign politics, imperial policies, the war against terror is emphasised as a war of cultures and linked to the intensification of security and control politics. The asylum and migration politics of the EU aims overridingly at economic gain and treats people as “security risks”. Repressive measures are implemented in an intensified form against oppositional positions, and also in social policy: the strengthening and broadening of the police and “punishment of the poor” are supposed to guarantee their assimilation and prevent their unrest.

For their own hegemonic project, authoritarianism is certainly not sufficient, since attractiveness and economic potential remain limited. Just as bio-dictatorial measures are only imaginable as a tendency within other hegemonic projects or for limited and defined spaces, so authoritarianisms and even elements of fascistoid politics can only have an effect in a way complementary to other projects, thus supporting them.

What is to be done? Left Politics in Times of Crisis

The depths of the current crisis will lead to no enduring solution being implemented in the short term. The still unbroken predominance of neoliberal forces of financial market capitalism blocks fundamental alternatives. There is a constellation of openness and of transition that can perhaps last for a decade. Since many fundamental problems will not be substantially dealt with, the danger of even worse financial, economic, ecological and social crises grows.

The rulers are divided. The interest conflicts that are linked to this and debates, the unavoidable search for compromises and the consequence of ever new partial steps, offer the chance of actualising and making efficacious some positions.

In large parts of German society, however, neither the Left Party nor unions and many social movements are granted a capacity for building the future. In Europe, it is not the Left that determines the agenda. Globally as well, the positions developed above all in the context of the World Social Forum process are certainly strong enough to place in question the legitimacy of neoliberalism and the current search for solutions from above, but still too weak to intervene directly in setting the course.

The chief task of a renewed Left will be:

- *to link up the resistance against the shifting of the consequences of the crisis onto the waged workers, socially weaker and the global South with the development of a perspective oriented to the values of global solidarity, to organise*

- social struggles and to network,*
- *to create room for collaborative work and self-organisation of actors who are ready to develop and to live alternatives,*
- *to meet reactionary answers of continued expropriation, de-democratisation and new wars with all decisiveness,*
- *to prevent the conservative continuation of neoliberalism by other means,*
- *to support progressive forms of state intervention, of renewal of the public sphere, of socio-ecological transformation and global development in solidarity,*
- *and in this, to develop approaches of transformation beyond capitalism, as well as to introduce and to realise steps towards socio-ecological transformation and to implement elements of a society based upon solidarity.*

That requires transformative processes in the leftist movements themselves, transformation of the relation between them and the ways of life represented by them.

The strategic triangle of left politics

The Left can intervene simultaneously on three levels: by protest, critique and education, struggle over the meanings of the crisis and the development of forms of elaboration based on solidarity as well as by intervening in decisive processes and practical organisation. It must prove itself in the strategic triangle of left politics of social learning, the broadest coalition politics and the transformation of social property and power relations.

Education and effective development of common alternative positions in the public sphere

Emancipatory educational work in unions, social movements, citizen initiatives, in firms, schools, universities, in parties and churches as well as in the media and in the parliaments is the condition for overcoming the cultural hegemony of neoliberalism and its guiding principles of a market society, of the authoritarian state and people as entrepreneurs of their own labour power and life services. Education means, against this background, creating the foundations for common acting in solidarity and encouragement for the self-organisation of all actors interested in alternatives from the local to the global level.

The Left should submit in parliamentary and also in extra-parliamentary contexts proposals that pick up on and push further determinate aspects of this agenda (reconstruction of the social security system, tax reform, state intervention in private property rights, capital regulation, ecological transformation, conjunctural programmes, security policy etc.).

In conditions of economic crisis this struggle must be bound together with a new internationalism.

Mass propaganda of concrete examples that show that things can be different, the promotion of forms of exchange of experience, in which the experiences of the individual can become a common good, are in this situation important forms of learning and education. Forms like social accounting from below or the monitoring of budget policies also belong to this, forms that aim at education through transparency.

The confrontation with the causes and the global consequences of economic crisis must flow into its own culture of resistance in the face of the insecurities and threats. Precisely in crisis periods, left wing movements need to understand themselves as networks where solidarity can be lived and security can thus be found.

Putting alternative concrete projects on the agenda

Left wing movements must in particular work there where they are strong – and that is above all on the local and municipal level and in the workplaces. Political actions should be put in the foreground that similarly aim at the implementation of democratic

forms of social regulation and against the pushing of the consequences of the crisis onto society.

The Struggle against Poverty: 2010 in the EU is supposed to be the year against poverty. Its effective preparation and realisation shouldn't be subordinated to "the crises".

Redistribution from above to below and from private to public: the accumulation of wealth in the hands of ever fewer people and social groups imposes a monstrous nightmare on society. Belonging to this dimension, above all, is subtracting the field of social security from the grip of the financial markets and renewing the social security systems on foundations of democracy and solidarity.

The Socialisation of the Finance Sector: the finance system in its totality must be brought under public control. It is to be directed to the needs of municipal and regional development, to the support of projects of supranational integration and cooperation in solidarity.

First, it must be assured that the cooperative banks and municipal savings banks are maintained and democratised. Second, there must be a fundamental new organisation of the business model of public banks. The European Central Bank (ECB) must be drawn into the dialogue on European economic strategy alongside the Council and the European Parliament. There should be a further pillar: a council or a board of civil society actors.

Economic democracy: all enterprises and workplaces are to be compellingly enjoined to take up codetermination. The economy should no longer remain a democracy-free space. Here it is a case of the development of alternative economic models in the context of enterprise and job codetermination and beyond. Central here in the current crisis context is the question about the future of the auto industry and armament production, but also those sectors that are now promoted in the context of ecological modernisation. Public support should follow in the form of direct enterprise participation by the public hand, and be linked to an extension of codetermination rights, including a new type of codetermination also of the regions as well as ecological and consumer organisations, and the obligation of orienting themselves to socio-ecological transformation. This is at the same time the foundation of a broad support of small and middle-sized enterprises.

Democratising democracy: democratic cooperation and radicalisation of democracy are important forms of learning about politics, about power relations, about room for manoeuvre and limits of society. They legitimate alternatives and resistance, they can be used in order to give acting in solidarity a space. This calls for democratisation of budgetary policy through public budget analysis and participatory budgets as well as support of initiatives for remunicipalisation, in order to take away legitimacy from the integration of municipal finances and public property in speculative businesses as well as in questionable concepts of budget consolidation.

Politics of New Full Employment and Decent Work: it is time to take the idea of publicly supported employment sectors out of its current direction oriented to a cure and to gear it towards an actively and democratically new economic politics supporting social structures. Publicly supported employment sectors should be understood as a process of the creation of new spaces of cultural and social service delivery, self-organisation and initiative from below, integration of solidarity and thus as a basis of new paths of an economy of solidarity as well as of the development of economically and socially sustainable business.

An Education System of Solidarity and the Renewal of Public Spaces of Democracy and Culture: social transformation is only possible if access to education, democratic cooperation, art and culture are decisively transformed and the social se-

lection in the education system is overcome. Here we need fundamental reorganisations of the education system, beginning with the extension of an integrative early childhood support, the introduction of community schools as “schools for all” and places of being together in solidarity, of a meaningful life in childhood and youth, of the interrelation of learning, playing, mutual help, democratic codetermination, of self development and practical social projects.

Renewal and Democratisation of the Municipal Economy as central axis of economic-political initiatives with the focus of energy provision, health care, transport. Going along with that is a corresponding qualification of the labour of municipal representatives in observing bodies in the sense of a real participative communalisation of public services beyond old patronage economies and paternalistic welfare. The municipal economy must be the point of departure of a socially and ecologically oriented regionalisation of economic cycles.

For a Free Public Transport System: an essential step of social and ecological transformation would be to implement a transition to a public transport system that would make it free for the users and ensure high levels of individual mobility also for socially weak groups.

Peace Politics and Commitment to Global Development in Solidarity:

We need a gain in capacity to build the future in the greater part of the world as a precondition for sustainable development in the world in general: the security and defence politics strategies and guiding principles of the EU and its member countries should be subjected to moratoria. Wide ranging debates at all political levels should clarify what “security in a globalised world” means.

For a Society of Solidarity

The time of a lack of alternatives is over. If the rulers are compelled to address systemic causes, then possibilities of intervention from the Left and below open up. But how can they be unlocked and used?

It is time to put the perspective of a transformation that points beyond capitalism on the agenda, the goal of a society of solidarity.

The socialisation of losses can and must be opposed by the demand for socialisation of the control over property. Help for the industry of the fossil epoch has to be replaced by a conversion to solar energy sources. The Left should respond to the proclaimed return to a failed “social” market economy with the demand for going forwards towards a society of solidarity with a socially and ecologically regulated mixed economy with strong public, common economic sectors as a step in the direction of a socio-ecological transformation. The continuation of a politics of world trade and development in the interests of the North can be opposed by the concept of common work together in solidarity.

If the belief is diffused that it would only be a matter of informing better the selfish private individual, the Homo Oeconomicus, and more explicitly taking responsibility, so the Left should stand for another image of the human – that of self-determined acting people who take their matters into their own hands in solidarity and strive after the whole wealth of life.

The concept of a society of solidarity is a concept of the re-appropriation of these productive forces with the goal of overcoming the destructive tendencies of the last decades and the self-awareness of the masses of their own power to solve together the problems of the world. This regards all levels – the local, the regional and the global. Another world, a world of solidarity, is not only necessary; more than ever, it is also possible.