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European Union

No to a bosses’ Europe – the politics of the EU and the eurozone crisis

- Features -

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1) The origins of European integration

The origins of European integration, which started with the European Coal and Steel Community (EC&SC) in 1951 and exists today as the European Union (EU) with its Eurozone, can be located in the closing stages of World War II. The European bourgeoisies needed to consolidate their rule following the popular uprisings and radicalisations at the time of liberation from Nazism, particularly in France and Italy. The answer was Marshall Aid, which reflected the economic hegemony of the post-Yalta USA and the supremacy of the dollar as an international currency.

The EC&SC was established with six Member States: Belgium, France, Germany, Italy, the Netherlands and Luxembourg. It was both a reorganisation of Western European capital against the East and an attempt to enmesh a weakened West Germany into a European framework, which would hopefully avoid further European wars. A European Court of Justice was established in 1953.

France backed the EC&SC but was opposed to NATO (which had been established in 1949) since it wanted to build a Europe independent of the USA. It went on to develop its own independent military capability, including nuclear weapons.

2) The European Economic Community (EEC)

The EC&SC became the European Economic Community or EEC (known as the Common Market) by the Treaty of Rome in 1957. A common customs union was established and obstacles to competition removed. Internal customs duties were abolished and a common external tariff introduced. The European Court of Justice was given jurisdiction internal to the Member States.

Britain applied to join the EEC in 1961, under Edward Heath, but was vetoed by De Gaulle. He was concerned that Britain's much vaunted special relationship with the USA and Atlanticist end of Empire ambitions would import divisions into the Community.

The Common Agricultural Policy (CAP) was established in 1962. This was, and continues to be, a mechanism for undercutting third world producers, through the subsidies it pays out to EU agriculture, even when they are on starvation wages.

The Merger Treaty was signed in 1965. Under this the Council of Ministers (comprising Ministerial level direct representatives of the member states which met behind closed doors) became the supreme law making body of the EEC able to override the existing laws of the member states on issues within its jurisdiction.

3) Britain's membership of the EEC

By the early 1970s, however, Germany was growing in economic dominance and France increasingly saw Britain as a potential counterweight to it. This allowed Edward Heath to take Britain into EEC membership in 1973.

When Harold Wilson came to office a year later Labour's policy was for withdrawal from the EEC. Wilson opposed this and had promised a referendum on continued membership in his election manifesto. This took place in 1975 with a governmental recommendation for a "yes" vote.

Wilson famously won the referendum against a No campaign led by Tony Benn, Michael Foot and Peter Shore which comprised virtually the whole of the left: the Labour left, the trade union left and the far left, along with bulk of the trade unions. The result was a major defeat for the left and the unions. Wilson followed his victory up with the imposition of a pay policy.

4) Controlling the currencies

The world changed in 1971 when the Bretton Wood's agreement, which had fixed exchange rates against gold in the post-war period, collapsed. This, and the resulting return to floating currencies, was a serious threat to the stability of the EEC at the economic level. In fact the currencies of the Member States were already fluctuating dangerously against each other. This change signalled a number of attempts over the next 20 years to keep the European monetary system from disintegrating.

The first was the so-called "snake", established in1972. Under this the participating countries agreed to limit the margin of fluctuation between their currencies to 2.25%. The snake was crisis-ridden from the start, however, and Britain and Ireland were quickly forced out of it by the relentless rise of the Deutschmark.

This was followed by the European Monetary System, which replaced the snake in 1978. This established a virtual currency (the ECU) based on an average of the various currencies weighted against GDP. It was a halfway house to a single currency. It was regulated by the Exchange Rate Mechanism (ERM), which set permitted fluctuations at 2.25%. Under it governments were obliged to intervene if their currency reached a warning threshold of 75% of the allowed deviation. The Thatcher government initially stayed out of the ERM but then joined in 1990 with ultimately disastrous consequences.

Instability continued, however, and by the early 1980s the problem created by locking together divergent economies and separate political structures was becoming increasingly clear.

The first elections to the European Parliament had taken place in 1974. The arrival of the Parliament was presented as the democratisation of the EEC. This was far from the case, however, since executive powers would remain with the Council of Ministers and the European Commissionâ€"an unelected body with powers draft the budget, initiate legislation and impose its decision on the Member States.

5) The Single European Act

The Single European Act (SEA) of 1986, the project of Jack Delors, the new President of the Commission (who had succeeded Roy Jenkins), represented an important change of direction by the EU from a predominantly economic project to a far more politically based integrationâ€"ultimately a European super-state.

This was a response to the end of the post-war boom and the onset of more unstable and competitive economic conditions, since the mid-1970s, which increasingly threw European capital into competition with Japan and the Pacific Rim countries and with the USA.

The SEA completed the construction of the internal market with the introduction of deregulation and the free movement of capital and labour within the EEC. It strengthened the decision-making powers by increasing qualified majority voting rather than decisions having to have unanimous agreement from every member state. It increased the powers of the Commission and expanded Community powers in relation to research and development, the environment and a common foreign and security policy.

This was increasingly the central project of the European ruling classes designed to shift the balance of power against the European working class, in order to exploit it more effectively and to compete more effectively in global markets.

Thatcher signed the Single European Act because she was attracted to the deregulation it contained. She soon regretted it, however, when the pace of integration accelerated, and has been attacked by the Tory right for it ever since.

Big sections of manufacturing industry heavily backed this project. This took its most organised form in the establishment of the European Round Table of Industrialists (ERT) in 1983. It consisted of 47 European based multi-nationals. They included: Nestle, Unilever, GKN, Amoco, Renault, Marconi, ICI, Olivetti, BT, Pilkington, and Fiat. The companies represented had a joint turnover of Â£600 billion. The ERT's aim was to improve the global competiveness of European capital through further deregulation and in particular the dismantling of the welfare stateâ€"which they regarded as an albatross around the neck of European industry.

The route they favoured was rapid moves towards political union with a single European currency. The ERT was the driving force behind the next major developmentâ€"the Maastricht Treaty.

6) The Maastricht Treaty

The EU was now a part of an increasingly globalised world with large competing trading blocks and intensified global competition between ever-larger multinational corporations. The world increasingly dominated by international capitalist institutions such as the International Monetary Fund (IMF) and the World Bank which were the driving force of the neo-liberal offensive which promoted economic and financial deregulation, privatisation and labour flexibility.

It was not a battle of equals, however, as far as competing trade blocks were concerned. The US and Japanese ruling classes had advantages which the existing EEC could not match. They were able to give political leadership to their power blocks (the North American Free Trade Zone dominated by an increasingly aggressive USA and the dynamic Paci?c Rim countries led by Japan) in a way that even a unified Germany could not do within the EEC. They had unitary political establishments, control of their currencies, lower social spending and multinationals even more powerful than those in Europe.

The Maastricht Treaty, signed in1991, was designed to tackle exactly this problem by taking the EEC toward a

European super-state. And there was a new name to symbolise itâ€"the European Union.

Maastricht introduced the single European currency, common European citizenship, and a common EU passport. It gave the Commission new powersâ€"including provisions for the development of a common foreign and defence policy.

It was also a preparation for the expansion the new EU to the East. The Berlin Wall had come down, Germany was re-unified on a capitalist basis, the East European regimes had collapsed, as had the Soviet Union itself. What was posed was the integration of the potential markets of Eastern Europe into the EU neo-liberal project and their governments into NATO.

7) The struggle against Maastricht

The Maastricht Treaty, and its consequences, met massive opposition across Europe. The bulk of the European left campaigned against it. In Denmark a referendum vote went against Maastricht whilst in France it went in favour by just a1% margin after a bitterly fought campaign. In Italy there was the biggest wave of strikes for 20 years against the Treaty and the austerity which arose directly from it.

In Britain there were two campaigns against it. One was led by the left the other by the Tory rightâ€"based on British national sovereignty, the defence of the pound, and a strategic alliance with the USA. The Communist Party Britain (CPB) was a part of the left campaign but strayed into the defence of national sovereignty and even the defence of the poundâ€"with its support for the Campaign Against Euro-Federalism. The Green Party opposed Maastricht at that time on the basis of the deregulation, liberalisation, and big business control over energy policy it represented.

There were demands from right and left for a referendum which was faced down by John Major who rammed the Treaty through Parliament on a confidence vote with the support of the Labour leadership, who did a deal with them over the Social Chapter which the Tories opposed.

The left opposed Maastricht from a firmly socialist/working class perspective, seeing the Treaty as creating an undemocratic neo-liberal Europe of the bosses. It called for a different Europe a Europe of the people and not of capital.

The leader of the left campaign was Tony Benn. His way of separating the campaign from the Tory right was a Private Members Bill in Parliament called the Commonwealth of Europe Bill. It included a charter of fundamental rights and civil liberties: the right to a job, the right to join a free union, free health care and other social benefits plus demands which respected the environment, combated racism, opposed war and build a new relationship with the third world. What the EEC was about, Benn argued is "the liberation of capital and the enslaving of Labour. We have to have a programme for the control of capital and the liberation of labourâ€"and it has to be done on an international basis.

Although it did not explicitly pose a socialist Europe, its aim of a fundamentally different, democratic, Europe of all the peoples of East and West is totally unacceptable to the ruling elites. It was a very good initiative to stimulate public debate.

The weakness of the left campaign was the trade unions. Sixteen years earlier, at the time of Wilson's referendum, the bulk of the unions were against the EEC. The defeats of the 1980s and the resulting new-realist policies, however, had brought a sea change in the attitude of the rightward shift and TUC and many of the unions liked Jack Delors (he was invited to address the TUC Congress in 1988) and were in favour European integration under Maastricht.

A factor behind this was their seduction by the Social Chapter, which they hoped would give them a few crumbs from the employers table without the necessity to fight the Tories. Its provisions, however, even if implemented, were marginal. It included measures such as the right to strike and worker participation, but these were subject to the principle of "subsidiarity" which allowed the Member States to ignore them. In Britain the right to strike was subordinate to the Tory anti-union laws and therefore totally worthless.

8) Black Wednesday

No sooner had the Maastricht treaty been signed than the European Monetary System was subjected to an avalanche of currency speculation caused by the deregulation of capital markets in the 1980s. The pound famously crashed out of the ERM in September 1992 (Black Wednesday) after the Major government was unable to keep the pound above the ERM's lower limit. The Bank of England spent Â£18bn trying to maintain its value. John Major and Norman Lamont struggled to prop up a failing pound. Lamont raised interest rates from 10% to 12%, then to 15%, and authorised the spending of billions of pounds to buy up the sterling that was being frantically sold on the currency markets but in the end to no avail. Italy crashed out soon after.

It was a disaster for British capitalism and a disaster for the Major Government and the Tory Party, which lived under the shadow of Black Wednesday until they were defeated by Blair and New Labour in 1997. It also deeply divided the Tory Party, which would be dominated by this division for most of the 1990s.

9) The single European currency

The most far-reaching measure in the Maastricht Treaty was the single currencyâ€"the Euro. This would exist as a virtual currency from January 1 1999 and would be on the streets as notes and coins on January 1 2002. The prerequisite for launching the Euro was the locking together of the exchange rates of the participating countries, which was potentially even more difficult than it had been with either the snake or the ERM.

To administer the Euro, Maastricht established the European Central Bank (ECB). It was empowered to print notes and mint coins, and it alone could set interest rates in the zone covered by the new currency. This eliminated the ability of member states to conduct their own monetary policyâ€"the money supply and interest rates. Fiscal policyâ€"control of debt, deficit and government spendingâ€"was also constrained, but not eliminated as with monetary policy.

The ECB's independence was guaranteed by the Statute of Autonomy, which made it completely unaccountable.

The qualification for membership of the Eurozone was participation in the ERM and compliance with the Convergence Criteria. This set a limit of 3% of GDP on government deficit and would limit public borrowing to 60% of GDP.

It was a mechanism for attacking the post-war consensus on welfareâ€"an historic gain of the workers movementâ€"and any remaining adherence to the notion of full employment. Once the currencies of the eurozone were locked together fluctuations between them would be met by austerity, cuts in welfare, and unemployment, since the relative value of currencies could not be changed. Any programme of investment to create jobs would also be disqualified by the Criteria. European employers had long regarded welfare as a millstone around their necks since North America and the Pacific Rim have far less. The European Round Table described welfare as "a time bomb threatening Europe's competiveness."

But it was not just the loss of fiscal policy and the setting of interest rates, which was the problem. With a single currency, governments needed the ability to make fiscal transfers in the way the US Federal Reserve does between the various US states, and the free movement of labour across the whole entity if depressed regions were to be avoided. In Europe the existing economic, social and cultural barriers make it difficult for large numbers of people to move around for economic reasons.

Once the single European currency was in operation the Convergence Criteria would be superseded by the Growth and Stability Pact, which would be the regulator on an ongoing basis. The 3% of GDP limit on government deficit would remain, and any breach of it would attract fines of up to 5% of GDP.

Moreover, British capitalism was increasingly split on European integration. This was broadly a divide between the manufacturing sector, which wanted a European role and open access to the huge European market, and the financial sector, which wanted a world role and access to a world market. The Confederation of British Industry therefore supported the Euro and the Institute of Directors opposed it.

This division had grown as European integration deepened, and rabid, nationalist opposition to the EU emerged in the tabloid press, led by Rupert Murdoch.

10) Mobilisations against the convergence criteria

As soon as the Maastricht Treaty came into force the race was on, amongst the member states, to meet the terms it set out. Budgets were cut and austerity introduced to get deficits below 3% of GDP. These programmes were carried out with equal vigour by social democratic governments as by the centre right.

The result was five years of mass struggles across Europe.

In 1994 there were strikes and demonstrations in Italy and Greece and mass strikes and huge demonstrations in France against cuts in education.

December 1995 saw a huge confrontation in France, which shook the government to its foundations. Millions of workers struck and demonstrated in a wave of action, which in some ways exceeded the events of May and June 1968. There were mass strikes in Italy, Portugal, Belgium, Greece, and in Germanyâ€" where the government was forced to retreat.

1996 saw the biggest wave of struggles across Europe for 20 years. Strikes demonstrations and occupations took place against the Maastricht criteria and the cuts and austerity programmes they have generated. There were mass strikes in Italy, Portugal, Belgium, Greece and Spain.

The Fourth International, along with others, initiated the European Marches against unemployment insecurity and exclusion. Marches set out from starting points across Europe (including Britain) to converge in a mass demonstration at the EU summit in Amsterdam in June 1997.

11) The Treaty of Amsterdam

The Amsterdam EU summit, of 1997, which adopted the Treaty of Amsterdam, was held with this wave of militancy still continuing. A 50,000 strong demonstration was organised at the summit by the European Marches.

The summit did, however, carry through its objectives, which were to further advance economic and political integration. Qualified majority voting was introduced into new areas: customs, research, data protection, health policy, unemployment, equal opportunities and social policy. The primacy of EU law over national law was strengthened. The Schengen agreement (the basis of Fortress Europe) became a part of the basis of the EU for new members and further moves made towards a common foreign and security policy, through the setting up of an embryo Foreign Office.

Schengen was, in the end, a racist framework to deal with questions of citizenship, immigration and civil liberties. Whilst it included the right to move at will within the EU a wall was being erected against immigrants and asylum seekers from outside. Anyone barred from one country will be barred from all. Ireland and Britain opted out of Schengen.

Setting all this in train, however, was one thing, making it a reality was another. During 1997 millions of workers were again involved in actions across the EU, mostly against the convergence criteria. Two million struck in Spain and in Greece 80,000 small farmers cut the country in half by blocking the roads with their tractors, demanding subsidies and tax concessions. Most of Italy came to a halt when millions struck in support of engineering workers demanding higher wages. In Germany, 150,000 metal workers struck in the biggest workers demonstration since WW2. The strike forced the Kohl Government to withdraw proposed cuts in welfare.

The single currency, however, was bruised but not beaten. By the middle of 1998, 11 of the 15 EU Member States had qualified (by a combination of austerity and creative accounting) to join the launch of the single currency on January lst1999. Greece qualified later making the number twelve.

12) The Treaty of Nice

The Treaty of Nice was signed in February 2001. Its political framework was the so-called Lisbon Strategy (March 2000), which aimed to transform the EU into the most competitive market in the world by 2010.

The specific task of Nice was to prepare the EU for enlargement to the East, which had been unavoidably posed with the collapse of the Warsaw Pact.

It was a big project. The new members from the East would have a combined population of around 70 million. It would expand the EU from 15 to 27 Member States by 2004 when a "Super Summit" would be held. It would create by far the biggest trading block in the world with a population of nearly 500 millionâ€"twice the size of the USA. But it would not be an easy process given the radically increased heterogeneity it introduced.

The populations of the new countries of the East were sold the project on the basis that they would get the full benefits of the European social model. But this enlargement was not like its predecessors. The new member states had emerged from dictatorship and were poorer and more agricultural than the EEC average at the time. Their average GDP represented 60% of the average GDP of the Community in 1986. They were not about to be treated as equals.

Although there were geo-political motivations behind enlargementâ€"their incorporation into Western Europe and NATOâ€"the ruling elites also saw them as radically liberalised market places, a source of cheep labour and a relocation destination for a range of industries. More than 60% of the trade exchanges of these countries were made with the EU - and to the benefit of the latter.

Nice was the longest and most fraught summit to date with bitter battles between the delegationsâ€"all but two of which were representing social democratic governments.

From 1998 to 2001 Social Democratic parties had led 12 out of the 15 Member States of the EU. They all backed the neo-liberal offensive to the hilt, making it even more difficult to see the difference between social democracy and the centre right parties.

13) The small countries stitched up

At stake at Nice was who would be the real decision makers in the enlarged EU. If the EU structures were not reformed, enlargement would shift the balance of power towards the smaller countries. This was unacceptable to the big countries who had long wanted a major shift in the other direction.

In a series of bitter and fraught sessions the big countries drove through the changes they wanted. The summit agreed to a radical reallocation of the voting power between the individual member states on the Council of Ministers, which were heavily to the advantage of the biggest and most powerful countries.

Afterward some of the small countries complained bitterly that they had been "stitched up". The comments of the Dutch PM were said to have been unprintable whilst the Greek PM Costas Simitis accused France, who had drafted the changes of, creating a Directorate of the big countriesâ€" which is exactly what had happened.

The four biggest member statesâ€"Germany, France, Italy and the UKâ€"would get 30 votes each and Spain 28. After that Holland get 12, Greece, Belgium and Portugal 11, Sweden and Austria 9, Denmark, Finland and Ireland 7, and Luxembourg 4. Consequently any four of the biggest five could outvote the rest. These changes tripled the votes of the big countries and meant that after expansion, the Big Six would be able to out-vote the other 21 EU Member States whenever they chose.

These changes went alongside a change to the "qualified" part of the majority votingâ€"that part which is weighed according to population. Under these changes a vote on the Council of Ministers would have to represent 62% of the EU's population before it is valid. This gave the big countries clout beyond their voting allocations and meant that any three of them could block a proposal by the rest of the 27.

The allocation of seats on the European Parliament was also changed towards the big powers. Germany got 99 seats and the other big powers 74.

It was mission accomplished. Power in the EU would now be concentrated in the hands of the biggest and most powerful countries to run it in their own best interests. It was a big ratcheting up of the democratic deficit.

The Nice summit also agreed to extend Qualified Majority Voting, rather than unanimity, in the Council of Ministers into 29 new areas, including trade in services and intellectual property rights.

These changes opened the door to the privatisation, the liberalisation and deregulation of services throughout the EU. Multinational and other companies from anywhere within the EU could now bid for local services with no restrictions or preferences. It also opened the EU up to the liberalisation of trade and property rights and the privatisation of natural resources.

Every member state dutifully ratified the new Treaty despite its effects on their power and influence with the exception of Ireland, which went to a referendum and rejected the Treaty. They were forced into a second referendum the following year and were bullied into acceptance.

14) The single currency in notes and coins

On January 1st 2002, twelve of the existing fifteen member states of the EU began using the Euro as their everyday currency. It was uniquely a currency without a state form behind it. Only Britain, Denmark, and Sweden remained in the EU outside the currency. The Swedish parliament rejected the Euro in 1997 and the Danish people rejected it in a referendum in September 2000. New Labour was fully committed to entry into the Eurozone, and to a referendum on the issue during their first Parliament with a recommendation for acceptance.

Preparation for entry had been the cornerstone of new Labour's economic policy since it came to office in 1997. It was behind the handing over of the control of interest rates to the Bank of England as a first step to handing over control to the ECB (a requirement of the Euro which the Tories had refused to carry out), and was one of the reasons for the acceptance of Tory spending limits for Labour's first two years of office. These measures, and the cuts they involved, led Britain to qualify comfortably for entry into the first round of the process. Blair chose, however, for political reasons, not to enter at that point.

Gordon Brown had had six economic "requirements" which he said had to be satisfied before Britain should enter the Euro. They were in reality a mechanism for keeping the issue on hold until the political conditions were right. Blair hoped that a window of opportunity for entry would open up once the Euro was on the streets and people saw the benefit of it when they travelled into Europe

Winning a referendum would not have been easy for Blair, since this had been difficult even in countries where there had been no significant divisions in the ruling class over the issue, but it was hard for him to avoid. A clear majority of British business, the manufacturing sector in particular, was hostile to the current situation of half in and half out of the EU and wanted membership of the Euro. They thought that economic activity would gravitate towards the Eurozone, as the core sector of the European economy, and that they would have the worst of both worldsâ€"being subject to the constraints of EU membership whilst lacking the advantages of the single currency.

15) The debate in the Socialist Alliance

The referendum was expected in October 2002 and the Socialist Alliance called a special conference to debate the issue and decide policy on it. The debate is worth recounting because it reflects some of the debates around today's crisis of the Eurozone.

There were two main positions presented: a "Vote No" position, supported by the ISG, the SWP, and others, and an abstentionist position supported by the AWL, the CPGB and Workers Power. The AWL expressed this the clearest. In fact one of its predecessors, Workers Fight, was the only far left organisation to call for an abstention in the 1975 referendum.

Behind the debate was the wider issue of the political character of the EU itself. The AWL saw it as "intrinsically progressive"â€"despite some "unfortunate" anti-working class features like the attacks it generated on welfare and employmentâ€"for two reasons. First they saw it as progressive as against the previously existing individual (competing) nation states, claiming that it had largely eliminated the competition between them. Secondly they saw it as progressive because it united the working class at the international level and put them in a better position to fight back. It even put the working class, they argued, in a better position for the struggle for a socialist society. As a result of these positions the AWL defended the existence of the EU against those who called for its dissolution.

AWL leader Sean Matgamna put it this way: "Undesirable aspects of the European unity which the bourgeoisie has created not withstanding, it (the EU) is much better than the older Europe of separate, often hostile and sometimes warring nations… The basis exists now as never before for working class unity all across Europe: for a Europe-wide working class struggle to create a democratic and socialist united states of Europe".

He insisted that: "The EU represents a necessary capitalist development", and went on to call for the defence of the EU against those who would break it up: "And it (the AWL position) does commit us to a European unity and to opposing politically all those who advocate the break up of the EU and implicitly back the restoration of the old, long bankrupt, European bourgeois nation state".

On the basis of these positions the issue of which currency was used was seen as irrelevantâ€"hence the abstentionist position.

16) The case for the No vote

The No vote side argued that, on the contrary, the EU was not "intrinsically progressive" but intrinsically anti-working class.

It was (and is) a supra-national construct designed to organise and support the governments of the individual Member States to more effectively take on their own working class, deepen the exploitation of the European working class as a whole, implement the neoliberal agenda, and compete more effectively in world markets.

The European workers movements faced a double challenge; the first from their own employers ruling class and the second from the collective ruling classes across Europe, organised by the structures of the EU. The Euro, therefore, was never simply a currency, as the abstentionists argued. It was always a political and economic instrument designed to implement a big business agenda.

This distinction is important when we consider the position of the individual member states within the EU. The idea that the nation state been superseded the by the EU as the principal state form bore little resemblance to reality. In fact, despite 25 years of increasingly frantic economic and political integration, this is still a long way off. The EU was and still is a federation of independent states. The convergence criteria, which were designed to change this, simply demonstrated the scale of the problem.

When US Treasury Secretary Tim Geitner flew to Europe to confront the imminent breakup of the Eurozone at the end of 2011, he scathing told EU leaders that the level of integration they had reached by this point was not only woefully inadequate but that barely reached the level of integration the USA had reached 200 years ago. From this point of view it has never been a matter of retreating into the nation state because the nation state never went away.

There was and is no common economic cycle. The legislature, the military, the police, the courts and the budgets all operate at the level of the nation state. Nor is there "a" European bourgeoisie, just a multiplicity of national bourgeoisies seeking to organise collectively against the working class.

The class struggle was and is still carried out overwhelmingly at the national level even when the attacks which are being confronted are coordinated at the level of the EU. This is not to play down the importance of internationalism and international solidarity, far from it. But it is exactly that, international solidarity.

In the Socialist Alliance debate, the No vote side put forward a series of questions for delegates to consider when deciding how to vote at the conference:

– Who is the Euro designed to benefit: the workers of Europe or European capitalism and the multi-national corporations?

– Does the Euro represent a democratisation of European society, or a concentration of even more power into fewer hands?

– Does the Euro challenge the neo-liberal agenda or integrate it further into the EU?

– Does the Euro defend the welfare state or does it co-ordinate the attacks upon social provision more effectively.

– Does the Euro create jobs or help destroy them?

– Is the Euro designed to benefit poor countries or to make rich countries even richer?

– Does the Euro undermine racism, and the far right, or does it institutionalise these phenomena further - via Schengen and Fortress Europe?

At the end of the debate the No campaign won the vote by a 2-1 majority: 202 votes to 108 with one abstention. A resolution calling for a Yes vote in the referendum was only supported by the person who moved it.

17) France and Germany breach the Stability and Growth Pact

By 2003 the two largest economies in the Eurozone, France and Germany flagrantly breached one of the corner stones of the Stability and Growth Pact (SGP)â€"keeping budget deficits below 3% of GDP. They had been in stagnation for the past three years.

The European Commission decided to take action against them under the rules of the SGP over the breach. They were promptly overruled by the Council of Finance Ministers, however (which included Gordon Brown) which brushed aside the Commission's actions and gave France and Germany an extra year "to get their houses in order".

Not only that, in March 2005 they agreed to a reformed SGP with much more flexible rules so that France and Germany would not be put in this position again. Under this the member states were still theoretically required to keep to the criteria but a range of caveats were brought in which would allow them to wriggle out, for example if they experienced negative growth or other "relevant" factors which made it difficult to stick to the rules.

It was presented as a "better interpretation" of the SGP but in reality it was effectively dead. It was flouted again in August 2007 when Sarkozy wanted to revitalise the French economy outside the framework of the SGP. All this would come back and haunt within a few very years.

18) The EU constitution

The new countries from the East became full members of the EU in May 2004, expanding the EU to 25. They became known as the "new Europe".

Enlargement on this scale, however, and the increased heterogeneity it would bring, was a threat to its stability as the EU was currently constitutedâ€"at least from the point of view of the ruling elites and the control they could exercise over it. In fact it was a regression as far as far as the overall process of integration was concerned.

The answer of the EU ruling elites to this was, as ever, deeper and more comprehensive integrationâ€"this time dramatically so in order to compensate for the heterogeneity. The proposal was for a full-blown EU constitution, something which was normally the preserve of the nation state.

An extensive constitution was written behind closed doors and launched in draft form as a proposition. It had over 300 pages, 448 articles, 36 protocols, 2 annexes and 48 declarations. It was designed to put the EU back on course towards a unitary state form and it enshrined and reinforced the neoliberal privatisation agenda on which the EU was built.

Such integration, of course, did not mean more democracy. In fact it increased the EU's undemocratic character by further enshrining the real power in the hands of the unelected Council of Ministers and the Commission. It embraced the Stability and Growth Pact and the attacks that it would generate on jobs and welfare. Whilst equality between men and women existed in principle in the constitution, it failed to give women legal access to abortion, bowing to the influence of the Catholic church in states such as Ireland, Portugal and Poland.

Susan George sums up the problem well in the Guardian (15th October). "I am myself a convinced European but I cannot vote for the proposed constitution since it would enshrine the competitive free market as the heart of Europe's identity, exclude all mention of solidarity and co-operation; make subservience to NATO mandatory and render all its provisions irreversible for decades."

The problem the ruling elites had was that the new constitution had to be ratified by all 25 Member States and some of them required approval by referendum. They managed to get "yes" votes in Spain and Luxembourg: by a 77% majority in Spain and by a wafer thin majority in Luxembourg. It was a very different matter in France and Holland, however, and later Ireland.

19) The French and Dutch referendums

In France, where the referendum was set for May 29 2005, the ruling elites had been taking a "Yes" vote for granted. A major wave of struggle in the run up to the vote threw the contest wide open.

In January 2005, French postal workers struck against plans to cut jobs and close post offices. Electricity workers protested against job cuts. More than 300,000 public sector workers demonstrated in 70 towns and cities against cuts. Teachers came onto the streets on a scale that had not been seen for a long time. In February more than half a million workers demonstrated in 120 towns and cities against austerity and a mass movement of school students protested against moves to cut the quality of education. In March a million public sector workers demonstrated in defence of wages and working conditions.

There was a "No" campaign from the left and another from the reactionary, anti-European hard rightâ€"which included Jean-Marie Le Pen's National Front, a minority of the governing Union for a Popular Movement (UMP), and the right-wing Catholic "Movement for France".

The No campaign from the left included the Communist Party, the LCR, the French section of the Fourth International and Lutte Ouvrière, the other major far-left group in France at the time. It rapidly gathered speed with the Communist Party and the LCR as the driving force.

The "Yes" campaign embraced the whole of the establishment, the two principal parties of government, the Greens, the employer's organisations and the whole of the media. The Socialist Party, which had organized an internal ballot on the issue, had voted by a 60% majority to support the Yes campaign along with the rest of European social democracy.

The No campaign from the left ran a spectacular campaign. The campaign created a thousand local collectives. There were big meetings across the country: 6,000 in Toulouse, 3,000 in Rouen, 2,000 in Clermont Ferrand. Meetings in smaller towns had seen up to 1,000 attending and in the working-class areas of Paris meetings of several hundred were common.

Prior to the vote thousands gathered in the Place de la République, one of Paris's main squares, for a concert-cum-meeting. They were addressed by speakers who reflected the breadth of the campaign. From the political parties there were among others CP national secretary Mare-George Buffet, Olivier Besancenot for the LCR, leading Socialist Party people such as Jean-Luc Mélenchon and Gérard Filoche and Francine Bavay from the Greens.

The result when it came was a decisive victory for the No campaign by a majority of 55%. It was a shattering blow to Europe's ruling elites. A statement by the LCR summed it up: "it is the victory of all those who have for many years been suffering the ill effects of the liberal policies that have been systematically applied for more than 20 years. This is a defeat for those who dream of a liberal society, freed from the impediments that are represented by the resistance of the working class and the people of this country, but who have never, throughout this campaign, openly admitted their project."

And there was a clear class character of the vote: 80% of manual workers, 70% of white collar workers, more than 60% of young people voted for the No campaign. The most working-class towns saw the strongest No vote.

The referendum in the Netherlands took place three days later and the result was an even bigger "No" vote than in Franceâ€"with 62% against the constitution.

It was not as unambiguously left wing or progressive as in France, however, since there was a more effective xenophobic campaign, but the class basis of it was still clear. In the country's poorest municipality, Reinderland in eastern Groningen, 84.6% voted no. The only "yes" majorities were in a few of the very wealthiest municipalities in the central and southern Netherlands. In the cities as well the trend was evident: the more prosperous a neighbourhood the more people voted yes; the poorer it was, the more people voted no.

20) Moving the goalposts

The French and Dutch referendum results left the European ruling elites reeling in disbelief. They had not only exposed the gulf which had opened between them and the populations of the member states, but from any conceivable democratic standpoint, the new constitution should have been stone dead, given the requirement for unanimity. It was a dagger in the heart of the whole project. It not only threw the new constitution into the melting pot but it would make it far more difficult for them to pursue the neo-liberal agenda, particularly if the left were able to build on the victory and the unity it had created. This was not the way democracy worked in the EU.

The immediate problem they had was that Ireland was also required to hold a referendum and if that went down it could be curtains for the whole project. They read the situation in Ireland and did not beat about the bush. The whole process was postponed indefinitely whilst they reassessed the situation.

The issue went back to the Council of Ministers where it was decided that the best policy was to sow complete confusion. The constitution as devised at Lisbon was dropped and a new constitution, this time to be called a treatyâ€"the Reform Treaty of Lisbon no lessâ€"was adopted which was exactly the same in all it main features as the previous constitution. The idea behind this was that it would be less contentious than when called a Treaty and even if it still had to go to referenda it would be more likely to go through.

The democratic deficit had taken another turn for the worse.

21) The Bolkestein directive

An important issue behind these votes against the constitution was the introduction of the infamous Bolkestein Directive, and the campaign against it, which covered the same period.

Bolkestein was the sharp end of the Lisbon Agenda, launched in 2000, which aimed to make the EU "the world's most dynamic and competitive economy by 2010". Its function was to establish a singe market for public services across the EU. It would open up services in all member states to the full ravages of the free market and would invariably lead to massive job losses, privatisation and welfare cuts.

The Directive provoked widespread opposition across the EU. In March 2005 100,000 people marched through Brussels on a demonstration against it called by the European TUC (ETUC) and a range of major trade unions across the continent along with various components of the Global Justice movement

When the Directive was put before the European Parliament in early 2006 opposition intensified. In February over 40,000 demonstrated in Berlin and about 15,000 in Strasbourg, at the European Parliament. This was again organised by the ETUC and major unions from across the EU.

Bolkestein was a practical demonstration of the kind of attacks on the workers movement that were being enshrined in the new constitution. Horst Schmitthenner, the leader of the German IG-Metall union said that: "The adoption of the Bolkestein directive would not only lead to increased social dumping, it would also profoundly affect the relations between capital and labour".

22) The referendum in Ireland

The Irish referendum was set for June 12 2008. The "constitution" had now been given a new name. It was now called the "Treaty of Lisbon" but was the same in all its essentials as the one defeated in France and Holland three years earlier.

As with France and Holland the whole of the political and business establishment backed the call for a "Yes" vote. The Yes campaign included the parties in the coalition government elected in May 2007: Fianna Fáil, the Green Party and the Progressive Democrats. It included the main opposition partiesâ€" the right wing Fine Gael and the Labour Party (a new Labour-type organisation). 160 members of the Dáil (the Parliament) supported a "Yes" Vote out of 166. Only one party with Dáil representation called for a "No" Vote: Sinn Féin.

For the first time, the employers' organization the Irish Business and Employers' Confederation campaigned in a referendum (for a "Yes" vote) with its own posters and publicity material. The Irish Congress of Trade Unions (ICTU) Executive recommended a "Yes" vote, though this was internally controversial.

The main left-wing campaign for a "No" vote â€"Vote No to the Lisbon Treatyâ€"was a coalition of 14 organisations plus independent activists. Ireland's second biggest union, UNITE, and the electricians union called for a "No" vote but the big public sector unions with the most to lose, SIPTU and MANDATE, abstained.

When the result was declared the EU elites were shocked to their roots. Against all expectations the treaty was rejected, with the No campaign winning 53.4% of the vote! As with the French and Dutch votes it was a massive blow to the EU elites. By any democratic standpoint, the treaty should now be a dead duck.

It was immediately clear, however, that this would not be the case. Elementary democracy did not come into it. For the EU elites the final outcomeâ€"that the constitution/treaty was agreed by hook or by crookâ€"was the only thing that mattered. It was non-negotiable.

And indeed after a year of softening up, a second referendum was unashamedly called in October 2009 for the elites to have a second bite at the cherry.

This time after, some meaningless "concessions" to muddy the water and voter exhaustion, the treaty was accepted with 67.1% of the vote. The elites could breathe again integration as defined by the constitution/treaty could now go ahead. The fact that any vestiges of democracy in the EU had been comprehensively shredded in the process was par for the course. Poland and the Czech Republic had still not completed ratification procedures but this was not expected to be a problem.

23) Meltdown in the Eurozone

The banking crisis, which broke at the end of 2008, not only changed the world but also compounded the contradictions which had been apparent for a long time within the EU and the Eurozone and threw it into an existential crisis.

Decades of debt-fuelled casino capitalism â€"speculation, deregulation and privatisation, under Regan and Thatcher, followed up by Tony Blair and Gordon Brown had created a speculative bubble worldwide. This and the collapse of the US sub-prime mortgage market, where the most reckless lending regimes had been located, turned it into a credit and banking crisis. Since this was combined with a profound environmental crisis, it was clear from the outset that what we were facing was not a cyclical event but a systemic crisis of the capitalist system which was going to be with us for a long time.

After the shock wave created by the collapse of Lehmans, the collapse of the banking system worldwide was only averted by the injection of vast sums of public money into the system and the nationalisation of those banks which would otherwise of gone under, a process which compounded the crisis of sovereign debt.

By the end of the 2009, the Greek government faced a debt crisis and possible bankruptcy. In return for a programme of harsh austerity the ECB, along with the EU ruling elites, negotiated a loan package of 110bn Euros in May 2010.

By the summer of 201,1 Europe was clearly the focal point of the crisis worldwide. It had reached the stage where the peripheral countries, such as Greece, Portugal, Ireland, Spain and Italy which stood on the brink of debt defaults, were forced by the EU and the IMF to launch massive austerity drives against their populations. The stakes involved were huge. Defaults in these countries would not only spin the crisis in the EU out of control but would threaten the existence of the Euro and of the EU (and its banking system) and could have an impact worldwide greater than the collapse of Lehman Brothers in 2008.

At the end of September 2011, a summit organised by European Commission launched a last-ditch attempt to regain control of the situation in Europe. The answer they came up withâ€"unsurprisingly given the history of the EU since the Single European Actâ€"was a crash programme of deeper European integration towards a European super state, but this time they said they would stick to the rules. It was open admission that the model on which they had built the EU had disastrously failed but since they had no alternative they would attempt to do it all over again.

The crisis, however, was spinning out of control. At the end of October 2011 a Council of Ministers meeting was held at which frantic attempts were made not only to stop the crisis in Europe spiralling out of control but to stop it dragging the world economy into recession.

What emerged from this was the so-called big bazooka packageâ€"which was negotiated in the early hours of October 27 2011. It would provide a new (second) loan to Greece conditional on even more draconian austerity. The European Financial Stability Facility, which they had set up to make crisis interventions to avert defaults would be expanded to a trillion Euros to provide the resources to recapitalise the European banking system, provide a rescue fund for the most battered Eurozone economies, and a so-called firewall against contagion.

The plan was endorsed by a conference of the Eurozone countries next day with great fanfare. Four days later, however, as the G20 leaders were assembling in Cannes to give the package a celebratory lap of honour, Greek Prime Minister George Papandreou plunged the situation into chaos by announcing that he had now decided to put the package to referendum of the Greek people.

It was a referendum he would stand little chance of winning since the bulk of the population were against it despite his plans to use the threat withdraw from the Eurozone as a lever to get a yes vote. Shortly after Papandreou dramatically withdrew his proposal for a referendum â€" presumably concluding that even with the threat he would lose the voteâ€" he survived a no-confidence vote in the Greek Parliament, and initiated moves towards a national coalition government. The end result was the appointment (on the insistence of Germany's Angela Merkel) of an unelected Prime Ministerâ€"Lucas Papademos, a former deputy governor of the ECB. Greece now had a completely unelected Prime Minister who was effectively acting on behalf of the ECM and the IMF as their agent for the implementation of draconian austerity.

The impact of Papandreou's shenanigans on the G20 meeting could hardly have been more dramatic. Just like the EU elites, G20 leaders had nothing to offer other than supply-side austerity, poverty, and deprivation. The summit broke up in deadlock and disarray and with mounting fear that Italy – the third biggest country in the EU - was about to replace Greece at the centre of the European crisis. Italy was on to have an unelected banker as Prime Minister as well.

24) Greece on the front line

Greece was now firmly on the front line. It needed the new rescue package to pay the interest payments on its debt which were due by March 20 2012 and without that it would default.

The EU Commission appointed the Troika (representatives from the ECB, the EU, and the IMF) to "negotiate" terms with the Greek government. In fact it was simply a process of enforcement. The (rather utopian) aim of the bailout was to cut the country's debt from the current 160% of gross domestic to 120% by 2020.

In February 2012, with debt default only weeks away, they accepted the terms demanded of the by the Troika including a 22% cut in the minimum wage â€" axing 150,000 public sector jobs and reducing pensions by 15%. Unemployment was already above 20% and a staggering 48% amongst 18-26 year olds. The Troika also demanded that the leaders of the three parties in the Greek coalition sign binding pledges making the cuts irreversible regardless of who wins the general election now called for May 6 2012.

Angela Merkel, the main player in this, had not moved an inch since the beginning. She had warned her centre-right MPs of "uncontrollable consequences" for the Eurozone should Greece become the first euro nation to declare sovereign default but was opposed to the creation of Euro bonds –which she saw as a back door way of financing Greece - and would not fund fiscal transfers to Greece. For her, the only course was the make the Greek working class pay for the crisis by reorganising Greek society from top to bottom on free market lines.

The consequences for Greece were therefore horrific. Greece is being used as a test bed for extreme neoliberal measures which will impose pauperisation on the Greek working class for the first time since World War II. Already there is increased homelessness, hunger, soup kitchens, and a new wave of migrants' leaving the country Greece in search of jobs.

This situation has been met from the start by an explosion of action and protest. There have been 17 general strikes since the start of the crisis three years ago and a fifth of the entire population of the country has been on the streets in recent protests only to be set upon with extreme violence by the police.

It was clear, however, even before this package was rammed through, that it would resolve nothing. The Greek finance minister told MPs that even after it has all been implemented the debt level would still be between 128% and 136% of GDP by 2020.

In this situation austerity was, of course, disastrously the wrong approach and can only compound the problem. What is needed is not austerity but massive in vestment in green alternativesâ€"yet every country in Europe is committed to ever more damaging austerity programmes. Austerity simply ensures that the debt will remain unsustainable, unemployment will continue to soar, and revenues will decline. Already the economy is grinding to a halt and the recession is deepening.

This situation left Greek ministers openly accepting that the issue now was whether Greece could stay in the Eurozone. The EU elites also began to talk openly about the possibility of an exit by Greece and began to draw up contingency plans to try to cope with the eventualityâ€" although they insisted that they wanted to keep Greece in. George Osborne admitted that Britain was drawing up plans not only for a possible default by Greece and contagion across the EU but for the repatriation of millions of British people in the eventually of a collapse of the European banking system and the closing down of the ATMs.

25) On the breakup of the Eurozone

In Greece the issue of the eurozone has been placed centre-stage by the severity of the crisis. The issue of withdraw, however, has divided opinion on the Greek left.

The Greek left on the whole is against a call for withdrawal from the eurozone. Those against include Syriza (Coalition of the Radical Left)â€"though the KOE (ex Maoist) inside it is in favour and the organisations connected to the FI, both the OKDE and Kokkino (a permanent observer). The KKE is ambiguous on it but is currently arguing that exit in the current circumstances, with a pro-capitalist government, would be catastrophic. On the other hand they denounce Syriza for not supporting exit. Syriza argue that they will not compromise on their programme even if it means expulsion from the Euro.

On the other hand Antarsya (Anti-capitalist Left – of which OKDE is a member) and the Left Current inside Synaspismos (Coalition of the Left Movements and Ecology and the biggest block in Syriza) are for a call for withdrawal.

There is a serious problem, however. Whilst a call for exit from the Euro as an action demand is problematic because it would be hard to win popular support for a programme that included it, it is not an issue which can be avoided. It sits unavoidably in the middle of the situation and will not go away.

The key issue, however, is not the currency but the debt, although the two are intimately connected. The first response to the crisis in Greece (and elsewhere) should be to repudiate any responsibility for it and call for non-payment by the Greek government. The debt is a creation of the crisis of capitalism in Europe and worldwide over which the working class has no responsibility or control.

We call for debit audits in Greece and in each country with a debt crisis. Such audits should uncover the sources of the debt and the terms under which they were made. They should ask not only whether the debt can be paid but whether it should be paid at all. Unfortunately in Greece the audit has come to a halt because parts of the left have argued that it was unnecessary, that all that is necessary is the repudiation of the debt.

In the peripheral countries we call for debt repudiation and default, with audits used to facilitate that process. In the core economies (such as Britain and France) audits should be used to raise consciousness of the role and nature of the debt in preparation for a future more acute state of the crisis rather than to call for immediate defaults, which would not currently be understood by most people.

Debt repudiation is crucial because it is the debt, which has been used throughout this crisis, in every country of Europe, as the ideological battering ram to legitimise the austerity programmes and divert and confuse opposition.

Although the principal issue is the debt, to ignore the Euro would be to be politically disarmed. The two are firmly linked by both the Greek Government and the EU elites, who use the threat of exit against anyone opposing their austerity measures. If Greece crashes out of the Euro, the banks would lose a lot of money and contagion would quickly spread from Greece to Portugal, Spain, and Italy. In order to advocate debt repudiation, therefore, you have to have an answer to consequences regarding the Euro. Put the other way round you cannot pursue an effective demand for debit repudiation if you advocate staying in the eurozone. It is a contradiction in terms because one can follow directly from the other.

In fact a debt default in the eurozone is uncharted territory. Whilst there is no current mechanism for a eurozone county to refuse to pay their debt and stay within the eurozone, since entry has always been a one-way ticket, there is no mechanism to expel a member state either.

This means preparing the population to leave the eurozone whether it is posed as a threat by the government or arises as a consequence of default. This means explaining that the working class in Europe have no stake in either the Euro or the EU. We don't defend the integrity of either of these anti-working class institutions. They are both neo-liberal set-ups designed to increase the exploitation of the working class and as such they are a part of the problem not the solution. They are demanding the immiseration of the populations of Greece and in the other peripheral countries in order to stabilise the Euro and defend the EU as a project. They designed to manage the crisis in the interests of capital by whatever means necessary - not as frameworks for developing progressive policies.

Our critique of the Euro and of the EU itself is fundamentally different from that of the rightwing in Britain or elsewhere, who advance a nationalist xenophobic and racist objection to them. We oppose their view at every stage and advance instead a working class and a socialist critique of the EU designed to challenge it neoliberal core and anti-working class structures.

We are pro-Europe internationalists. We call for a real internationalism. We call for the repeal of the Maastricht and Nice treaties which lock -in the EU's neoliberal agenda. We call for a different Europe, a Europe of the workers and the peoples, free from such structures and restrictions which would allow the working class of each country to challenge their own ruling classes more directly than they can under the current EU set-up which seeks to support big business and serve their interests at every stage.

26) The Greek elections

The elections to which Greece is heading in early May promise to be like few others.

The establishment parties, Pasok and New Democracy (ND), are forced to go into them strapped into a remarkable straight jacket, since they have been forced both to sign up to the austerity policy in advance, advocate it and defend it during the election and implement it in full if they are elected.

This is not the best platform for an election in Greece at the present time and it is not surprising that their support has plummeted with Pasok (the governing party before the coalition) on 11%. The junior partner of the coalition, Laos (Popular Arthodox Rally), is on 4%. Chryssi Avgi (Golden Dawn a neo Nazi party) is on 4%, its highest ever,

At the same time the parties of the left (to the left of Pasok) are attracting unprecedented support. The KKE is on 11%, Syriza on 12%, the Democratic Left (rightist split from Synaspismos) is on 16% and Antarsya on 1.%. The Greens are on 4%. This gives the anti-austerity parties a combined vote of over40%.

Although these parties represent diverse views on a range of issues, from the Antarsya on the left to the Democratic Left on the right, and have one crucial factor in commonâ€”they are all opposed to the austerity package. And whilst it is not clear how their current ratings will translate into the election it cannot be ruled out that they could win a majority.

It is incomprehensible, therefore, that some of these parties have ruled out the most logical call for the left in such a situation; which is a government of the anti-austerity parties. In fact some of them are even saying that even if they won a majority they would not form a government. This is the case with the KKE and Antarsya, including the SWP's sister organisation and OKDE within it. Only Syriza (and Kokkino within it) supports the call for a government of the anti-austerity partiesâ€" based on an anti-austerity program, a redistribution of wealth, defaulting on the debt and nationalising the banks and the unities under social control.

This must be a better way forward than refusing to take office if they win the election.

27) Can the EU be reformed?

Much discussion on the left around the EU concerns the issue of whether the EU can be reformed. These are the key arguments against this view:

a) The democratic deficit within the EU is not only profound but it has become consistently worse. In fact every constitutional treaty since the Single European Act of 1986â€"Maastricht, Amsterdam, Nice and Lisbonâ€"have degraded it further.

b) The European Parliament was established essentially as a device to give the impression of a democracy which does not actually exist.

c) Even the most rudimentary structures for reforming the EU do not exist. The EU is far less democratic that the (deeply flawed) bourgeois democracy of the individual member states. In fact after 60 years of the EU, 26 years of European integration, and a string of Treaties the fundamentally undemocratic nature of the European project, the democratic deficit, has become progressively worse.

d) Power in the EU lies with the Council of Ministers and the Commission â€"neither of which are elected bodies, both of which are dominated by the biggest and most powerful countries, meet in private, and cannot be challenged through the structures of the EU.

e) There is no avenue for change or democratisation through the European Parliament since its very limited powers are controlled through the Council of Ministers and the Commission.

f) The power to make changes therefore exists at the level of the national states not the EU itself since they have influence in the Council of Ministersâ€"although this is effectively only applies to the big countries because of the balance of power there.

g) The struggle against the EU and its neoliberal agenda mainly takes place at the level of national politics, not at the level of the EU. This is because whilst the attacks are organised at the level of the EU they are implemented by the national governments. There is often a sleight-of-hand involved. Having decided policy with in the EU structures, representatives of national governments then present them as "European" decisions beyond their control, which they have no alternative but to introduce.

h) We support of European wide initiatives against EU measures that we oppose as we have been with treaties such as Maastricht and Lisbon, outside summits etc. In general, centralised demonstrations, marches etc in Brussels etc should be combined with actions in each member state. We support initiatives such as ETUC days of action while being aware that the question of whether it is possible to mobilise seriously for it depends on the relationship of forces within each nation state.

i) We call for maximum international solidarity in support of the struggles taking place at the national level. We recognise the strategic need for developing close and organic links between the workers and social movements across Europe, since no overturn of neoliberalism in one country can survive in the long term without its overturn in the rest of Europe.

j) "NO to a bosses Europe of capital, war, racism and environmental destruction – YES to Europe of working class and the social movements".

k) We call for a socialist united states of Europe as a long term goal. This, however, cannot be achieved through the reform of the EU, but only through its eventual dissolution and the building of new relationships, based on the institutions of direct democracy which could emerge in the struggle against the neoliberal programmes that the EU and Eurozone promote.

Demands should be directed towards individual governments rather than the EU institutions. This is not just because the mechanisms for such reforms do not exist at the level of the EU and the class struggle takes place mainly at the level of the nation state, but because we are not in favour of expanding the institutions of the EU in order to embrace such demands.

28) Our response to the crisis

Our starting point is the rejection of all cuts and austerity, working in every country across Europe to maximise resistance on the broadest possible basis. The Europe Against Austerity conference in London on October 1 2011 was a good start in the development of a Euro-wide response to these attacks. We must build strongly on this initiative.

Our overarching alternative is for investment not cuts to meet the crisis. We call for massive investments by governments in public works programmes to create large numbers of new green jobs designed to construct an environmentally sustainability society. Whilst calling for such investment we reject the capitalist obsession of year on year growth. This is both socially undesirable and environmentally unsustainable. We reject the perverse capitalist logic that people always need more commodities irrespective of what they already have, which is driven by the thirst for profit. We call for a rise in the quality of life rather than in quantity of things people possess, for an abundance of free time rather than of unnecessary commodities.

We call for big increase in investment into renewable technology and crash programmes to construct a renewable energy infrastructure and to improve energy conservation. We call for the insulation of the housing stock and public buildings and the construction sustainable (and free) public transport systems. In Britain we call for the creation of millions of green climate jobs in order to directly address global warming. This demand should extend across Europe, and such work should be carried out by workers directly employed by the governments themselves. If trillions of Euros can be given to the banks the money can be found for public works aimed at creating large numbers of green jobs and a low carbon infrastructure.

We call for radical change in the way the wealth of society is distributed. The share of wealth going to wage earners continues to decline while the share going to the wealthy continues to escalate. This is completely unacceptable. We therefore call for highly progressive tax systems and for the imposition of much higher taxes on the rich and on big business. We call for the bonuses of the bankers to be abolished, for the wages of the mass of workers to be increased, and precarious work conditions abolished.

We call for a Tobin tax - a financial transaction tax on all financial markets including short-term investments. This must be used not to bail out banks but to provide massive investment, in a nationalised framework, into a green infrastructure. Such a tax would not only create jobs and increase purchasing power but it would generate the resources necessary to maintain a range of socially necessary services and benefits currently under attack including welfare, pensions, education, childcare, health care and social services.

At the same time we call for working hours across Europe to be reduced without loss of pay. This would rapidly reduce unemployment, create large numbers jobs, and enhance the quality of life of the population.

29) Nationalisation under workers control

This perspective implies a planned and coordinated approach to the crisis which can only be met by programmes of nationalisation. This should start with the nationalisation of the banks and of bankrupt industries with the participation of, and control by, workers and consumers. It should also apply to other critical sectors such as housing, energy, infrastructure, pension system, education, and health.

Nationalisation is also central to any default. Without full control and ownership of the banking system a debt default could well lead to a freezing of credit, deeper recession, and big losses to workers' pensions since the majority of a country's debt is held by domestic banks and domestic pension funds. Taking banks under public control and ownership is crucial in order to nullify a credit crisis in defaulting nations and provide resources to cancel and pay off large parts of the debt in major economies. Financial resources could then be directed towards useful, green, planned investment.

Nationalisation does not equal socialism, of course, but it does provide a practical way to defend jobs and opens up a space in which socialist ideas can develop. The nationalisations of 2008 were carried out in order to socialise risk and bail out the creditors, and with the intention of handing them back at a later date. Some were simply government majority shareholdings, which can be sold off at any time, and meanwhile managed "at arms length" from government. We should welcome them as far as they go, as better than leaving it to market forces - but we should call for workers control.

Across Europe we not only have to reject the austerity programmes but also the logic of the capitalist system by proposing another way of redistributing wealth and challenge the private ownership of finance and industry.

An international mobilisation against austerity must lead to a radical change in economic priorities in Europe, a challenge to the dictatorship of the EU, IMF and the banks, and a new and democratic way of organising society.

We therefore advance the following demands across the EU member states:

– Repeal the Maastricht and Nice EU treaties;

– For a peoplesâ€˜ assembly to chart a new way forward for Europe;

– Monetary policy should reflect the priorities agreed by a Peoples' Assembly of Europe and not those of the unelected European Council;

– Debt audits to prepare debt repudiation;

– No to all cuts and privatization;

– Nationalise the banks under democratic and popular control;

– Nationalise bankrupt industries under workers control to preserve jobs and reorganise production;

– A Tobin Tax on all financial transactions to be used for green investment;

– A crash programme to construct a sustainable, publicly owned, energy infrastructure based on wind, wave, and solar power to create millions of new jobs in manufacture, construction and engineering;

– A crash programme to insulate housing and public buildings to conserve energy;

– For a major programme of job conversion to socially useful production for industries such as car manufacture;

– Fiscal, monetary, and industrial policy should aim at full employment, ecological sustainability, and equality;

– For a highly progressive tax system which would impose much higher taxes on the rich and the corporations;

– Open the books of both the financial and industrial companies to prevent the use of the crisis to force through redundancies and closures;

– For a shorter working hours without loss of pay to create jobs;

– Halt the attack on wages, working conditions and pension rights;

– For free and sustainable public transport systems;

– Stop the war, cut military spending ;

– Break the power of agribusiness and the stop the speculation in food;

– Break the power of the supermarkets and protect the small traditional producers;

– Halt all house re-possessions for mortgage arrears.