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European Union

# Democracy against financial colonialism

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### **This is the resolution of the national board of the Portuguese Left Bloc agreed on July 26 2015.**

1. In the European Summit of July 12, the the Greek democratic referendum was responded with the financial occupation of Greece. National humiliation, imposed against the will of the people, and three more years of social punishment, cannot end well. The European Union has shown to millions of citizens, that it is ready for anything to impose the austerity plan, even running over democracy. So, in Greece and all over Europe, the answer will be built against this Union.

2. These last months draw two essential conclusions. First, there is a great conservative-socialist coalition, led by the German government, that rules the European Union and imposes the dictatorship of the markets and the policy of austerity, unemployment, poverty and inequality. Secondly, this Union will not allow the existence of any government with an alternative policy and, facing a left wing government, will not hesitate to try to destroy it by all means.

3. While easily accepting the construction of a new and shameful wall by the far right government of Hungary, the European Union didn't hesitate to put the Monetary Union at risk in the move to crush Syriza's government. Proposing the hostile expulsion of Greece from the Eurozone, Schauble broke the myth of Euro stability as the common currency of several states. Cutting off the cashflow to Greek banks for political purposes, the ECB underlined the urgent need for mechanisms of national control on the banking system, independent from ECB.

4. Through 25 years, the European Union, defined by its treaties, has been an undemocratic device to institutionalize the neoliberal order: deregulation, concentration of capital, diminishing of social protection, pressure on salaries. The single currency was a crucial step in the consolidation of this project. Firstly, the removal of exchange risk is an essential condition for financial power and free circulation of capital. Secondly, the single currency defines austerity and labour devaluation as the exclusive mechanisms of economical adjustment: it ends national exchange and monetary policies, leaving them to a single institution - the ECB - exempted of democratic control and dominated by the German government and the major world financial institutions; it diminishes budgetary independence and blocks progressive industrial policies. The imposed goals are impossible to fulfill, but non-compliance legitimates European institutions to determine national budgets. Above all, this bureaucracy holds every meaningful decision and has proven immune to direct popular pressure or to the correlation of political and social forces within each country. Brutality against Greece is the proof of this immunity to democracy.

5. Our left has always been opposed to this European integration and the creation of a single currency. However, upon its completion, we admitted that it could be refounded under a better relation of forces and we never gave up fighting for it, both on national and European levels. A decade ago, the alter-globalization movement seemed to give credibility to that hypothesis. However, since then, the left focused on proposals for a European democratic refoundation and on correction mechanisms for existing macroeconomic unbalances: a European Senate with equality among states, reform of ECB rules, reinforcing Union budget, eurobonds. All these proposals were invalidated or abandoned by the social-democracy, that engaged in federalist authoritarianism, unable to stand up to financial interests, ending up as a fierce partner of Greece's punishment.

6. The austerity programmes imposed by Berlin and Brussels were based in a lie. The reason for the crisis would be the people living beyond their possibilities. This lie, repeated by the Portuguese rightwing government, was an attempt to obliterate the real origin of the crisis: financial speculation and the burst of the USA real estate bubble. The 2007-08 crisis, amplified by the Lehman Brothers crash, was followed by the bailout of the banking system and the

socialization of its losses. Speculation then turned to the public debts of peripheral European countries. The ECB financed commercial banks at 1% to buy sovereign bonds at much higher rates. This risk-free capital income turned public debts into the greatest global financial market. Through harsh austerity measures, labour income was directly transferred to debt payment.

7. In the Maastricht and Lisbon treaties and in the Fiscal Pact, in 2012, Europe had already constitutionalized austerity and the prohibition of policies for workers rights or welfare extension. With the election of the first anti-austerity government, the total logic of this European treaties was taken into practice. The German “great coalition” imposed its law on 18 countries and the German-French directory was reduced to the figure of the Chancellor. The German government is today the all-mighty centre of political decision and budget control.

8. The Left must learn the recent history lessons to take clear positions. During the last six months of dispute, the Greek government made itself open to a viable agreement amongst equal states. In the outcome, it clashed with the extremism and vindictiveness of the “European partners”, turned creditors. The Left that commits to refuse austerity and the Fiscal Pact must be empowered and ready to restore sovereignty on essential options in order to respect national democracy.

9. The Left Bloc refuses any more sacrifices for the euro. To express this alternative is, more than ever, a battle for democracy; taking the Fiscal Pact to referendum and start the restructuring of public debt are essential steps in that path. With this clear mandate – that may result in a break up with the Monetary Union, as we underlined in the party’s last National Convention – the elected representatives of the Left Bloc fight for an alternative to European authoritarianism.

10. The internationalist left sets upon a new European alliance, inheritor of the struggles against fascism and militarism and of the social achievements of the post-war period. That democratic and cooperative project embodies the lessons of today’s authoritarian attack and aims for new common goals in social, environmental, cultural and human rights standards. When xenophobic and nationalist parties rise as alternatives to the dysfunctional European Union, the resistance and insubmission movement can’t wait. Recognising this fact and the huge difficulties, the Left Bloc reiterates its compromise with the widest possible alternative, gathering all the forces fighting for democracy, against austerity.